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Constitutional Association of New South Wales

Wingello House, Angel Place, Sydney

OBJECTS:

1. To inculcate a higher ideal of national service and a better appreciation of the rights and duties of citizenship amongst the Australian people.
 2. To maintain and support the integrity of the British Commonwealth of nations and to further the development of Australia as an integral part thereof.
 3. To pursue a definite policy which is for the economic, social, industrial, and political advancement of the community as a whole as distinct from any section of it.
 4. To promote the maintenance of constitutional government in opposition to Communism and all unconstitutional methods.
 5. To organise its membership for the study of current economic, social and political problems for the purpose of reviewing and reconstructing from time to time the policy of the Association, and disseminating this policy through the community in an endeavour to remove causes of misunderstanding and ill-feeling and to bring about co-operation of all interests.
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Speakers' classes, the Model Parliament and special Study Groups are open to members.

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QUARTERLY

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SIR ROBERT GIBSON

Sir Robert Gibson, Chairman of the Commonwealth Bank Board, died on 1st January last after an illness of a few days. With his passing Australia lost one who was regarded by the man in the street throughout the depression as the champion of sane finance against political expediency and of firmness against panic. Under his leadership the Bank Board has played a prominent part in a regulatory and advisory capacity in the financial programme of Australia throughout the depression years, and as a Central Bank has functioned with more practical results than any of its overseas competitors.

Sir Robert was born at Falkirk, Scotland, in 1864, and as a youth gained valuable experience with the Camelon Iron Company, of which his father was Managing Director. He came to Australia during the depression of the Nineties and, after a few years practising as a draftsman, he founded the Austral Manufacturing Company at North Melbourne and, a little later, the Lux Foundry at Brunswick (Victoria). He retained control of both Companies until his death. Apart from his public offices he was Chairman of Directors of Robert Harper & Co. Ltd., Melbourne Merchants, and on the Boards of the Union Trustee Co., The National Mutual Life Association and the Chamber of Manufacturers Insurance Company. At different times he was President of the Victorian Chamber of Manufacturers, the Associated Chamber of Manufacturers of Australia and the "Made in Australia" Council.

His public positions were many. During the War he was a member of the Coal Board and an honorary Repatria-

Sir Robert Gibson

tion Commissioner; he was Chairman of the Royal Commission on Federal Economies and a Member of the Council of the University of Melbourne. In addition he was Chairman of the Commonwealth Oil Refineries and a member of the Victorian State Electricity Commission, each of which made considerable inroads on his time.

The great knowledge of business conditions which he gained, his reputation for fairness and for liberality of mind made him a welcome arbitrator to both parties in industrial disputes and enabled him on more than one occasion to do signal public service. He was created a Knight of the British Empire in 1920 and in 1932 was advanced to the rank of Knight Grand Cross.

"Opportunity proves the man" and with the advent of the depression Sir Robert became one of the most trusted figures in the public life of Australia. He had been appointed to the Commonwealth Bank Board when the Board was originally established in 1924; on Sir John Garvan's retirement from the Chairmanship in 1926 Sir Robert was elected in his stead and was re-elected each year until his death. For seven years the Bank had the benefit of his clear-headedness, his commercial experience and his untiring energy. Under his leadership the Bank has assumed the position of a reserve bank in active exercise of all its functions as an integral part of the public financial structure. As controller of the Note issue and of the currency it was largely responsible for the measures governing the public finances which began with the Premiers' Plan of May 1931.

The position of the Bank, and indeed the confidence of the public in the stability of the Australian financial system, was largely due to three characteristics of Sir Robert—his fidelity to first principles, his devotion to duty and his determination at all costs to keep the Bank out of party politics. He was pre-eminently a citizen in the fullest sense of the term, he always subordinated his private interests to

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his public duty, he shunned publicity. His rare incursions were characteristic of the man. When summoned to the Bar of the Senate he faced the ordeal with dignity and acquitted himself with honour; his replies were characterised by simplicity and restraint and that sound common-sense and understanding which was the basis of all his actions. Again, when there were signs of panic in New South Wales in May 1931, his broadcast message was in terms so simple and in meaning so direct as to reassure the people and the crisis passed.

Sir Robert was a man of many and varied interests, of great social ability, who welcomed discussion of the financial outlook and of public developments generally. In argument he was most persuasive, he never concealed his aims or motives, nor did he lightly condemn the considered opinions of those who differed from him. Of later years his work was his hobby; from Bank Board Meetings, which in the stressful days often extended until late in the evening, he adjourned to his other public duties. He managed with scant sleep and had perused the daily papers and often drafted out important memoranda before breakfast. He died just when there were indications from overseas that the worst of the depression was over, with the keen satisfaction that the efforts towards the rehabilitation of Australia which he had so largely influenced were recognised and appreciated abroad and even applauded by those who, a few brief years previously, had been our unsparing critics.

THE BRITISH COMMONWEALTH RELATIONS CONFERENCE HELD AT TORONTO

A Personal Impression by W. J. V. WINDEYER.

The British Commonwealth Relations Conference which was promoted by the Royal Institute of International Affairs and the Canadian Institute of International Affairs took place last September. It was an unofficial gathering attended by members from Great Britain and India and each of the Dominions except the Irish Free State—the delegates from the Free State having been at the last moment prevented by political events from making the journey. The purpose of the conference was freely to discuss the problems of Imperial constitutional relations and the principles and methods of co-operation between the Dominions forming the British Commonwealth of Nations. Ten strenuous days were spent; the meetings were notable for the strongly divergent opinions held by members and for the frankness with which these opinions were expressed and the views held by different sections of opinion in the various Dominions explained. Unlike some conferences which have started with high hopes of producing practical results and ended with disagreements and disappointments or platitudes, this Conference did not aim at direct practical achievements. It was not an official gathering and it was precluded by its rules from passing any resolutions—its aim was rather to elicit the views of persons qualified to speak on the matters with which it was concerned, to enable all its members to understand the views held by people in other Dominions, and generally to examine the working of the British Empire in its new form of a Commonwealth of British Nations. The report of the

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Conference which will shortly be published will therefore contain much valuable material. Differences in outlook inevitably arise from the differing geographical situations, histories and racial compositions of the several Dominions and opinions also differ considerably within each Dominion and these varying views were all readily expressed.

The delegates from Great Britain were led by Lord Cecil who had with him, among others, Sir Herbert Samuel, and three conservative members of Parliament, Sir Donald Somervell who has since become Solicitor General, Sir John Power and Mr. W. Hamilton Kerr, Mr. P. J. Noel-Baker, a very able member of the Labour Party and a most earnest advocate of the League of Nations, Professor Zimmern, Professor Toynbee and Mr. G. M. Gathorne-Hardy, Honorary Secretary of the Royal Institute of International Affairs. The South African group had as Chairman Senator Malan and included another Dutch South African, Dr. Geyer, Editor of "Die Burger," a Nationalist newspaper with a large circulation, and Mr. L. F. Reynolds, M.P., Col. Stallard, K.C., and Professor Eric Walker, Professor of History at Capetown. The Canadian delegation was large and representative. The Hon. N. W. Rowell, K.C. was its leader and among other members were Sir Robert Borden, Mr. Dafoe, the well-known managing editor of the Winnipeg Free Press, a Liberal paper of considerable prestige, the Hon. Vincent Massey, who was the first Canadian Minister at Washington, Mr. Woodsworth, the kindly, sincere and well-informed leader of the C.C.F., a Socialistic party which seems to be becoming more prominent in Canada, and two French Canadians, M. Gagnon, K.C., M.P., and M. Rene Morin. The principal Australian representatives were Professor Charteris of Sydney, and Professor Scott of Melbourne. The New Zealanders were the Hon. W. Downie-Stewart, M.P., formerly Minister of Finance, Mr. Nash, a member of the Labour party, and Mr. Von Haast. The Chairman of the Indian delegation was Diwan Bahadur Ramaswami Mudaliar, a Hindu member of the Legislative

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Assembly. The other representatives were two distinguished Mohammedans and Sir Laurie Hammond, formerly Governor of Assam.

The Conference at the outset considered what were the common interests of the Dominions particularly in regard to external affairs, for it was fairly generally agreed that there was little use discussing methods of co-operation and consultation without first seeing what purposes they were designed to serve. And it was here that the differences in points of view became most strongly marked. For some, the New Zealanders especially, the Empire apparently remained what it was before the war. The implications of the Balfour Declaration and the Statute of Westminster they were not prepared to consider as raising any practical problems for them. The New Zealanders were all anxious for the closest co-operation with Great Britain to which country they felt themselves bound by very warm feelings of loyalty. The Australians said that their people were very jealous of their autonomy and resentful of any suggestion of interference from Great Britain in their domestic policies but that they were proud to call themselves British subjects and desired to conduct their external affairs in close co-operation with Great Britain. The Indians spoke with great earnestness of the benefits of co-operation with Britain and of the benefits which had come from British rule in India. The South Africans, both Dutch and English, explained the special problems of their country. Their attitude towards proposals for co-operation and consultation in foreign policy was marked by great goodwill and moderation, especially when one remembers the flag disputes and the controversies concerning General Hertzog's demand for a recognition of the right to secede.

Among the Canadians, however, there seemed more desire to stand aloof and a disposition to develop to the fullest extent all the formal implications of the equality of status and autonomous nationhood which the Balfour Declaration contained. It is not possible

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to make general statements about the point of view of Canada which is composed of several parts—British Columbia, the Prairie Provinces, Ontario and Quebec and the Maritime Provinces—historically distinct and cut off from one another by natural barriers of mountains and uninhabited forests, or in the case of Ontario and Quebec divided by the still greater barriers of differences in race, religion, language and law. It was notable that at the Conference many Canadian speakers felt it necessary to disclaim the remarks of their colleagues as being in any way representative of Canada as a whole. The French Canadians, who number about four million, naturally have no sentimental loyalty to Britain which is not their Motherland, nor to France which left them to their fate long ago and whose secular and anti-clerical attitude to-day they dislike. But they are sincerely appreciative of their privileges under the British North America Act and regard the maintenance of the British connection as their security against submergence in the mass of Protestant North America. Of the British Canadians many are passionately loyal to Britain and bitterly resentful of anything which can be construed as involving a weakening of the connection between Canada and the Crown. But there are others, especially among members of the Liberal Party, who cherish the idea of Canadian nationalism, who deny that the Empire is in any sense an entity in foreign affairs and who assert that Canada should face the world with a foreign policy of her own and with her own diplomatic and consular service. They are suspicious of any close degree of co-operation lest it should indirectly result in control by Great Britain and involve commitments and entanglements in European affairs. This attitude, which was at times asserted by some Canadians in a decided manner so as to surprise members of other groups and to call forth repudiations by other Canadians, seems to have several origins. It comes in part from a sincere feeling of national pride in which all citizens of the Dominion can share. The French in Quebec and the large populations of

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central European descent in the West cannot be moved by appeals to British sentiment and traditions; but they can be urged that they have with their British fellow citizens a common patriotism as Canadians. The desire to be somewhat aloof from European affairs gains strength too from the example of the traditional policy of the United States and from a belief that this policy best serves the cause of world peace. And the outward signs of an independent nationhood such as separate diplomatic representation are in part no doubt forced upon Canada by the proximity of the United States. It is ridiculous to suppose, as has at times been suggested, that Canada is being seduced from her allegiance to the Crown by the United States. Canadians do not regard absorption by the United States as the destiny of their country. But the existence of the United States has a powerful influence. Self respect as well as convenience demand that Canada, if she would be recognised as being herself a great North American nation, should be able to deal directly and as a sovereign power with her great neighbour.

It soon became very clear at the Conference that differences in outlook between the Dominions on matters of foreign policy depend very largely on their geographical situation and on their needs and problems in regard to defence. Canada is well protected by the Monroe Doctrine. She can rely very largely on the assistance of the United States for her defence although Canadians differ as to how far they can without loss of self respect refuse to make any provision for naval defence. Great Britain is of course necessarily directly and vitally interested in all European questions. India has the problem of her frontiers and spends a large part of her revenue on land defence. Australians and New Zealanders generally regard the royal navy as the guardian of their trade routes and one of their securities against possible attack from overseas. And, as Pacific countries, Australia and New Zealand cannot ignore the fact that neither the United States nor Japan is a member of the League of Nations. It is matters such as these

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which cause different views of what are the real duties and responsibilities which full-grown nationhood and equality of status impose.

But despite the variety of their special problems it was manifest throughout the Conference that all members were agreed that all the British countries had one great interest in common. They were all sincerely anxious for the maintenance of peace, not only for themselves but for the world. And they were all agreed that the continuance of good relations with the United States which is a vital matter for Canada should also be in the forefront of the policy of every part of the British Commonwealth. But although there was agreement as to the aim there were great differences as to the method. Some members of the Conference appeared to think that it was enough to proclaim their adherence to the principles of the League of Nations and the Kellogg Pact and urged that any systematic co-operation and consultation between the Dominions and Great Britain in regard to foreign problems was superfluous if each loyally played its part as a member of the League. Others thought that if the collective system for the maintenance of peace was to be made effective nations must be ready to make sacrifices for the cause of peace even to the extent of being ready to fight for it and that, if it were clear to the world that all the British nations were prepared to do this if necessary, the collective system would become more real. Others again were sceptical of the result of further international undertakings to keep the peace by making war and thought that the problem must still be approached from the point of view of consolidating the security of the Empire in an unpeaceful world. Representatives of all parts of the Empire seemed to agree that their countries would not at the present time be willing to commit themselves to specific economic or military sanctions in advance of the event.

The different views expressed as to the parts which the nations of the Empire should play in foreign affairs shewed clearly that united action by all the Dominions in

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this sphere could not necessarily be expected and consequently that no formal machinery for co-operation and consultation would be acceptable to all. The Conference considered for some time Sir William Harrison Moore's proposal, which was forwarded to the Conference and presented by the Australian delegates, for a flexible committee in London ordinarily composed of the Foreign Secretary, the High Commissioners and liaison officers of the Dominions and experts, to provide for regular consultation, and the continuous supply of information on foreign developments. Canadian opinion especially was hostile to the formal recognition of any body meeting in London, however informal its constitution and however much it was stripped of any semblance of authority. But it was fairly generally agreed that regular consultations between the Dominions and Great Britain and more effective arrangements for the distribution of relevant information on foreign affairs to Dominion Parliaments by all the Empire governments was desirable.

In Australia the nature of the constitutional bond with Britain has not been a subject of much public interest. Australians in general did not regard the Balfour Declaration as conferring any new dignity upon them. The Statute of Westminster met with some opposition and at best a lukewarm welcome. The Labour Prime Minister echoed the sentiments of his predecessors of other parties when he said at the Imperial Conference in 1930: "We hold that it is quite possible to reconcile complete and effective autonomy of the Dominions with the unity of the British Commonwealth as a whole—but not if we attempt to dot every i and cross every t. We are a free association of peoples—and to my mind there is nothing to be gained and perhaps a great deal to be lost by attempting to crystallise our relations too closely within the confines of any formal document." In other Dominions, however, there is a disposition to analyse all the results and logical implications of all the solemn formulae, vague resolutions and compromises of the period since the war, and to seek to the fullest all the outward forms of separate nationhood. The

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inevitable question arose of what would be the result of the test of war. Can one Dominion of the Crown be neutral in law when another Dominion or Great Britain is at war and still remain within the Empire? On whose advice must the Crown act in the exercise of the prerogative of making war? Many members of the Conference, including all the Australians, felt that these questions were academic and that if the time should come for their decision it would depend on the spirit of our peoples, on the cause and purpose of the war and the actions and plans of the enemy and not on the fine reasonings of lawyers. The matter was therefore referred to a special committee which after a lengthy discussion of refined doctrines about the divisibility of the Crown propounded by the Canadians, gave a somewhat inconclusive reply.

The lawyers had an opportunity of doing more practically useful work later when they attacked the problem of the best way of securing uniformity throughout the Dominions in regard to Courts of Admiralty, merchant shipping law and the law relating to the nationality of married women. Some constructive proposals were agreed to which will be found set out in the report of the Conference when it is issued and which have been brought to the notice of the governments concerned. Another suggestion which was examined and for which some degree of general approval was forthcoming was the establishment of a tribunal to determine disputes of a justiciable kind arising between Dominions, or between the Dominions and Great Britain, which could not satisfactorily be referred to any existing Court. These and some other practical suggestions were the principal matters of a definite character on which a measure of agreement was reached. But perhaps the most valuable part of the Conference's work and of its reports lay in the presentation of different points of view on more fundamental matters. These differences at times seemed alarming enough; but every member of the Conference was impressed by the fact that, no matter in what terms different persons might define their con-

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ception of the British Commonwealth of Nations, it was a real thing and something which it was hoped would continue. The precise nature of the bond is certainly not important in itself; but it is important to remember that it can endure only with goodwill and a recognition that views in different Dominions will continue to vary. What is said here is merely a personal impression of the Conference. The report when it comes will give a full account. One thing was often obvious and that was that, without some explanation, the attitude of Australia was not appreciated in those Dominions where all the forms of nationhood are now so eagerly sought. The failure of the Commonwealth up to the present time to adopt the Statute of Westminster was sometimes ascribed to fear of Japan or readiness to be subservient to Great Britain! The desire to remain within the Empire simply for the sake of being within it seemed little understood in some quarters.

The indifference of the Australian people to the forms of Imperial constitutional relationships seemed to the Australians present at the Conference to have had one good result. It prevents these matters becoming issues in political conflicts. The warmth of our allegiance to the Crown and the nature of our alliance with Great Britain and the other Dominions have not here been the direct subject of bitter partisan disputes. If in the future the Australian Parliament adopts the Statute of Westminster, it may well be that the best course for those Australians who most desire a united British Empire will be without objection to acquiesce. The future of Imperial relationships clearly lies in the development of good understandings between Dominions and co-operation for common aims. The phase of Imperial development by concessions of self-government by Great Britain which commenced with Lord Durham's Report is over. It probably was over long before the Statute of Westminster which is sometimes regarded as its culmination. We can afford here to ignore the doctrinaire assertions in some Dominions of a formal

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and a barren independence, which seems to have taken the place of the assertion by stiff-necked conservatives in Great Britain of a "barren and injurious sovereignty" against which Lord Durham protested a hundred years ago.

—W. J. V. WINDEYER.

THE PREMIERS' CONFERENCE

By the Hon. H. S. BAKER, Attorney General for Tasmania.

The Conference of Premiers which has just concluded in Melbourne has been productive of some encouraging results to those who desire the restoration of the authority and status of the States. It had been generally conceded during the months preceding its meeting that the time had arrived to undertake a review of constitutional relations. The existence of problems requiring solution appeared evident and the Commonwealth Government, during the secession campaign in W.A., had announced its willingness to call the States into consultation. The amendment of the Constitution is, technically, the prerogative of the Commonwealth only unless the transfer of powers by State Parliaments in the manner provided by Section 51, placitum 37, is to be regarded as a process by which amendment may be achieved. By deciding to call the States together in this manner, the Commonwealth recognised the existence of problems which called for solution by constitutional amendment, and the public generally were justified in forming the expectation, as they did in many quarters, that a serious attempt would be made to solve them. The events showed that that expectation was ill-founded, but some progress has nevertheless been made towards the desired goal.

Let us first examine the Agenda paper. The full list comprised 23 items, 15 of which had been contributed by the Commonwealth, 1 by New South Wales, 1 by Queensland, 3 by South Australia and 3 by Tasmania. The Commonwealth had placed such large items as "generally, relations between Commonwealth and States," "Finance" and "Trade and Commerce including transport by land" on the

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list, and several specific items covered by these titles were accordingly eliminated from the final list. The only item raised by New South Wales was "Aerial Health Services" and by Queensland "Marriage and Divorce," while Victoria and West Australia added no proposals. Tasmania raised the questions of the appeal to the Privy Council on matters within Section 74 of the Constitution, the immunity of State instrumentalities from Federal control, and Taxation by the Commonwealth of State imports. South Australia's special items were overseas marketing of meat, illegal fishing in the River Murray and the formation of a trade council in London. The 15 items set down by the Commonwealth need not all be enumerated here but, apart from those already mentioned, indicated subjects upon which larger powers were sought from the States, for example, navigation, aviation, company law, exhibition of cinematograph films, wireless broadcasting and fishing in territorial waters. The item "Industrial Law" was also placed on the list by the Commonwealth, which indicated to the States its willingness to give up its present power to make laws as to conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one State and in its place confine itself to dealing with the minimum wage and standard hours of work—a proposal which the States rejected.

Reviewing the agenda paper in a general way, one is impressed by the fact that the larger States had contributed very little to it. The item of "finance", raised by the Commonwealth, apparently gave them all the opportunity they desired. For the rest, either they were satisfied or they felt no useful purpose would be served by seeking to review the Constitution. It must be remembered that the movement which culminated in the Conference being called together originated with the small States. The larger States, though becoming concerned at the trend of financial relations, had not previously pressed the question of revising the Constitution, either in its financial provisions or otherwise. And the course of events at the Conference

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showed that there was little, excepting the financial provisions and section 92, of which they complained.

It was to be expected, therefore, that no great zeal to amend the Constitution would be exhibited by the general body of the delegates and such as there was in the early stages evaporated under the stress of prolonged debates and inconclusive decisions. As for the small States, West Australia took little interest in the general subject of amendment. Mr. Collier was careful to explain (with a smile) that the large majority vote in favour of secession meant that his State would soon be out of the Federation. South Australia and Tasmania were in general agreement in their desire to restore the independence and status of the States by freeing them from Federal control but, in face of general opposition or indifference, it was found useless to proceed with amendments designed to achieve this purpose.

As to the question of financial relations, the Conference failed to arrive at any important conclusions, but it has not on that account been wholly abortive. The five States which supported the resolution of the preliminary conference of Premiers desired some form of Constitutional guarantee or security for their positions. Certain critics of the States were disposed to regard their efforts as a predatory expedition upon the Federal Treasury and there is much to suggest that this is substantially the view of some Federal politicians. They cannot understand that, combined with loyalty to the Federation, there is a strong spirit of loyalty to State institutions and a desire to maintain them unimpaired. And it is because they see quite clearly that the very existence of those institutions is involved in the question of finance, that they are pressing their case for greater financial independence. Of the several particular plans advanced by the States, that of Victoria, viz., the surrender by the Commonwealth of the field of income taxation, most nearly approached in principle the ideal solution, for it meant a re-allotment of

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sources of revenue and a reliance by each government upon its own resources. This adjustment by itself would not mean a great deal to the smaller States, from which the Commonwealth collects comparatively little in income taxation, but the plan has much to commend it and it may form the basis of discussion in the future. The Commonwealth chose to brush this plan, and the other plans advanced by the States, on one side, upon the ground that the States were not unanimous in supporting any one of them. This was merely a tactical move which showed that the Commonwealth was more concerned in finding objections to doing anything than in finding a solution. In the result it gave no detailed consideration to any one of the several alternatives advanced and the Conference broke up without an adequate examination of any plan whatever, excepting a suggestion of Mr. Menzies that the States should exercise concurrent powers as to certain duties of excise. This proposal was found quite useless from the revenue standpoint and was abandoned.

In the discussions which took place, the real problem which the Conference had met to solve was largely lost sight of. The people of Australia, as a united nation, are concerned with one question above all others, namely, how all functions of government, Federal or State, are to be adequately discharged. But the debates seldom dealt with the question on this plane. The Prime Minister opened the Conference by appealing to the delegats to approach their problems from the national point of view. But it speedily appeared that, in his opinion, the national and the federal points of view were one and the same thing; for he occupied nearly all his time in reviewing the position of the Federal Treasury. On this narrow footing he could easily make out a case. It assumed that present expenditures including old age and invalid pensions and maternity bonuses were fixed commitments and he could present the Premiers with a conundrum by asking how the Commonwealth could surrender any substantial revenue to the States and continue to balance its budget.

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The States, on the other hand, could speak of their increasing obligations and their inability to discharge their functions from the narrow resources of direct taxation left open to them.

In a contest on this footing it was found impossible to make much headway. Each point of view was occupied with its own problems and difficulties to the exclusion of those of its rival. Possibly this defect is inherent in Conferences representing Governments, each concerned with its own status and powers. But the real problem remains for solution in the future and the character of the solution must depend ultimately upon two factors, the strength of attachment of the people to their State institutions and their judgment as to the proper priorities as between various functions of government.

I have said that the Conference has produced some encouraging results. It had been feared that the three small States might become separated from the others in their demand for greater financial independence, but Victoria and Queensland were found to be equally strong in this demand. These five States have unitedly declared "that amendment of the Commonwealth Constitution is necessary to put the State Governments in a permanently stable position; that such amendment should take the form of securing to the States financial resources adequate to the proper discharge of their constitutional functions." Mr. Stevens, speaking for New South Wales, supported the contention that the grants to the small States should be placed upon a more permanent footing. Thus all States have united in recognising the special disabilities of the three small States and in urging some alteration of the present unsatisfactory method of making grants under Section 96 of the Constitution. This demonstration in force was of considerable value as an indication to the Commonwealth of the strength of public opinion and Mr. Lyons gave an undertaking that the grants to the States would be placed upon a more per-

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manent footing. The States will await with interest a decision as to the manner in which it is to be implemented.

Section 92 has been found to be a fatal barrier to the realisation of State policy in several directions and the question of its revision was raised by several delegates. Its language, "that trade, commerce and intercourse among the States, whether by means of internal carriage or ocean navigation shall be absolutely free," has been found quite incompatible with the many schemes of government regulation as to prices, "orderly marketing," "economic planning," etc., which are so fashionable in many quarters to-day. The object of some States was to so amend the Constitution as to permit these various schemes to be carried out on a State basis. Marketing schemes take various forms but the latest of them, namely that in relation to dairy products, had three main features:—(1) the fixing by each State of a quota for internal consumption; (2) the protection of that quota by the control of inter-state trade by the Commonwealth by means of a licensing system; (3) the collection under State authority of a levy on all dairy products for the purpose of creating a fund for "equalisation" as between the export trade and local consumption; or, in other words, the taxing of the consumer to enable the export trade to be maintained at prices which are now quite unremunerative. It is plain that the carrying out of such schemes means the almost total destruction of inter-State trade in the interests of the export trade and the creation in Australia of six competing economic units. If this be a correct estimate of what is involved in these proposals it reveals tendencies in quite the opposite direction from the general trend towards centralisation and which are remote from the ideal of the open market expressed in the words that trade and commerce within Australia "shall be absolutely free." The whole subject was found too difficult to be disposed of satisfactorily and it is to be further considered by a special committee representing the States and the Commonwealth.

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These hurried lines are written while the Conference has scarcely concluded its deliberations and neither time nor space permits of any adequate reference to the other topics dealt with. Their discussion was compressed into a single day and the speeches consisted of little more than an intimation of the attitude of the various governments on the respective subjects. The refusal of most of the governments to agree to a transfer of full powers on such subjects as shipping and navigation, the exhibition of cinematograph films, wireless broadcasting, air navigation and company law has been criticised as being "a triumph of parochialism." This, however, does not correctly represent the attitude of the States. Nearly all the difficulties arising under these topics are capable of solution along the lines of co-operation and the speeches of the delegates showed the fullest willingness to meet the Commonwealth in this way. Speaking of the Conference generally, I feel justified in saying that a mutual understanding of problems has been promoted in a greater degree than might be inferred from the meagre results expressed in terms of actual decisions. It may be assumed that Commonwealth Ministers have learned something of the disintegrating forces at work in the smaller states and even as to Victoria and Queensland words of serious warning were used by their representatives. It should be the first task of statesmanship to understand the causes which have brought those forces into existence and to cement them into forces making for national unity. The States are not likely to abandon the course upon which they have started and they may be compelled to make it a cardinal point of State policy to instruct their electors in the grave issues involved in order that their point of view may be more clearly realised in the Federal Parliament.

—H. S. BAKER.

NATIONALISATION OF BANKING AND CREDIT

By **THE HON. E. S. SPOONER, F.C.A. (Aust.), M.L.A.**

Consideration of the proposals advanced for nationalisation of banking and for socialisation of credit brings one quickly to the conclusion that the proposals are interlocked and are identical in their intended effect. Advocates of the nationalisation of banking undoubtedly aim at the socialisation of credit, at least some of those who desire the socialisation of credit recognise that nationalisation of banking is the machinery by which their hopes may be realised.

Though bank credit is only one of the many forms of credit in vogue to-day, it has a supremely important influence in regulating all credit which is the nerve system of the commercial and industrial life of the community. It follows that any attempt to gain political command of banking is an attempt to gain political dominance over the whole economic system. Therein lies the seriousness of proposals for Nationalisation of Banking and Socialisation of Credit. The whole industrial system could readily be socialised under a system of nationalised banking and socialised credit. Once the power to grant or withhold credit is concentrated in the hands of any political party, with even a temporary majority, that party holds the power of life or death over industrial enterprises, both individually and collectively. If there were reason to believe that all who seek this power desired merely to inaugurate some form of credit policy not possible under the existing system, discussion of their project would be based largely upon the merits or demerits of the line of credit policy proposed. We find, however, that these people advance no constructive

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credit policy and seek nationalisation or socialisation of credit merely as a means to an end.

What then is their objective? It has been publicly proclaimed by the more extreme of these pseudo-reformers that socialisation of credit is the first step towards socialisation of the means of production, distribution and exchange. Nationalisation of banking to them is merely a synonym for socialisation of credit. There is abundant evidence that they aim to secure political control of credit in order to produce through its manipulation, industrial and social revolution. Many of them have, in fact, boasted of this objective. It is evident that there has developed during recent years a school of Marxian Socialists who have gained a dominating influence in the Party that once represented the views of the constitutionally-minded working man. Their intentions have been made obvious times without number. They aim at a complete and rapid transformation of the system. If in the process there should be a complete economic collapse, with want and misery stalking through the land, that to them is a mere incident in the transition. This is the cataclysm which their prophet Karl Marx 70 years ago said would end the hated "capitalist" system and pave the way for a socialist or hybrid communist system.

To those who have not studied the course of the intensive party campaign that has been waged during the past 15 years by political extremists with headquarters in Sydney, these statements may seem incredible. But any man who will take the trouble to study the rise of Communists, members of the notorious I.W.W., the Socialisation Group and extremists of all kinds to positions of dominant influence in what was once a Labour Party in N.S.W., can quickly satisfy himself that there have been cunning, concerted and largely successful efforts to gain political control. Let it be clear that Nationalisation of Banking means control of the Banking and Credit System by political agencies. Let it also be clear that the control of these

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agencies will be vested in those who exercise domination over the political party for the time being in power.

I have said that the objective of Nationalisation of Banking is merely to secure political control of the mechanism of finance. Mr. E. G. Theodore who is avowedly one of the moderates and not in the class of extremists just referred to, has recently written—"As I conceive it, 'nationalisation of banking and credit' means no more and no less than the merging of the existing private banking institutions, together with the existing Commonwealth Bank, into an extensive nationally owned banking and credit service." Mr. Theodore proposes further that there should be some such body as a National Credit Commission selected by the Government of the day "from the most highly qualified men in the community" who "would be appointed for a term **concurrent with the life of Parliament**, in order to leave untrammelled an incoming Government whose mandate may necessitate a change in economic policy." This body would exercise what Mr. Theodore calls "the main functions involving control of the price levels, the regulation of exchanges, the management of the currency and credit creating powers" leaving ordinary trading bank business to be administered by "a Board of competent commissioners." I do not credit Mr. Theodore with subversive intentions. His writings on the subject indicate rather that he trends towards an idealised system of planning. But the point is that he proposes a purely political system of credit control completely under the dominance of any party that happens to snatch power by a chance majority on any issue whatsoever. Such a scheme may be readily and easily subverted by any Government possessed of sinister intent.

To adopt such a scheme would, under the existing party political system of Government, mean the direct politicalisation of the whole credit system. The mischievous possibilities of a politically appointed and politically controlled Credit Commission are almost incalculable, even if it be

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inaugurated and operated with the best of intentions. It is not enough to put up paper schemes that could work well in an idealised State, given perfect management, judgment and wisdom. If genuine reform is aimed at it is necessary to propound projects workable in the actual circumstances of the day and reasonably immune from serious danger of either errors of policy or political manipulation. Credit Commissioners who could be transformed into Credit Commissars would be a menace.

In discussing Nationalisation of Banking we discuss, perforce, every form of credit that is known in the modern Community. Credit percolates through the whole industrial and social system. Merchants' credit to retailers, the credit granted to the Producer, the Manufacturer, the Housekeeper—any form of credit, in fact, takes its origin and depends for its stability upon the credit issues of Governments, Banks, Insurance Companies and other Financial Institutions. The effects of Nationalisation of Banking, therefore, whatever they may be, will find their reflection in the subsidiary operations that depend upon the main sources of issue.

Mr. Theodore does make some attempt to cite authority for the kind of credit administration which he favours. But, in general, the real argument advanced for nationalising the Banking System is to ensure by that means inflationary credit issues under various high-sounding names. This is a political bait, for experience has shown that alluring promises always catch a certain number of voters. This is another serious danger inherent in the scheme of nationalisation for unsound credit from the fountain head will quickly drench and drown all the industrial activities upon which the nation's life depends.

Unless it be that the motive behind Nationalisation of Banking is lavish credit creation founded upon increased paper currency, there is no real argument adduced for the proposed change. If this is the objective, as indeed is the

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case, then the fatal lure of inflation is the only charm of the proposal. This is the real truth of Nationalisation of Banking and Credit. It is something of a tragedy that while skilfully negotiating the Depression and while laying the foundations for a constructive future, Australia is menaced by those who urge that she should repeat the errors of Nations that drank from the fountain of Inflation and drank until they burst.

The history of all limitless inflationary movements shows that whereas the approach varied in character, the result was an uncontrollable currency. There is no reason to suspect that experience in Australia would differ from the results elsewhere. The reckless aims of would be socialisers are shown by the extent to which they plagiarise the phraseology of Major Douglas and play upon the wild inflationary sentiments which he nurtures. Major Douglas is new but inflation is very old. On the scale proposed by Douglas socialisers it is a lethal influence that would injure the whole community. It would invade the homes of the poor as well as the rich. It would destroy the savings of the thrifty and bring widespread misery and suffering and a golden harvest to speculators. Experience of it elsewhere proves that it is a destructive force and a demoralising influence.

Face the facts properly. Nationalisation of Banking is no longer a subject for academic debate. It means "Give us control of the Banking system so that we may exploit the mechanism of credit and be millionaires for a week." Those of us who desire to live a fortnight or leave a safe heritage for our children prefer to work our way out of the difficulties along sound lines and leave the world clear for posterity.

The exponents of Nationalisation of Banking and Socialisation of Credit have not up to the present indicated to the public what happens after these somewhat glowing objectives have been reached. This much, however, is

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obviously common to all schemes produced to date that they are "easy money" schools conjuring with glittering ideas of a currency or credit inflation heedless of its short duration or its disastrous aftermath. It is odd, though not surprising, that there is little or no attempt to show how a more advantageous credit and monetary policy can be carried out in the future under a nationalised than under the present system of Banking in Australia. The reason is not far to seek, for the fact is that during the Depression our strength has lain mainly in the administration of private finance under the aegis of the Commonwealth or Central Bank and, while the socialisers were in control, our gravest weaknesses lay in public finance under political control.

Since there is virtual silence on the subject of nationalised banking policy, there emerges very prominently the fact that what is desired is not so much the Nationalisation of Banking or the Socialisation of Credit as the Politicalisation of the Banking System. As I have shown, even the more moderate advocates of Nationalisation expressly stipulate that banking policy be made a political monopoly under the nominal administration of commissioners selected by successive Governments and co-terminors with them. With each change of Government we shall have a new Commission, a new monetary policy and a reversal of our procedure during the life of the previous Parliament.

It requires little imagination to visualise the chaos and catastrophe that would result. Continuity and stability are the essentials of any financial policy. Would sound Industry extend knowing that a change of Government would usher in a new era of finance that might destroy its foundation arrangements? Would wise people build houses if they feared that with a new Government would come new costs, values and price levels? Would prudent Traders extend credit in the face of change in administrative policy

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that might vary the relationship between debtor and creditor?

Quite clearly the effect of unsettled policy would be to cramp and eliminate sound Industry and divert credit into the hands of speculative ventures in face of the temporary inflationary boom that is held out as the bait of nationalisation. Real Capital would seek safer fields for its investment while hot-air credit would fill Australia until its explosion.

Who, then, would be the losers? Industrial paralysis brings most suffering to the worker who loses his all—his job. The worker has little reserve to tide over a bad period and, under inflation, his small reserves would have no purchasing value. Two things are worth remembering. First that political interference with Industry has an unfortunate record to its credit. Second that the history of inflation in other Countries proves that once started it is difficult to stop.

POVERTY OF IDEAS.

The A.L.P. Socialisation Committee has produced a report upon Socialisation of Credit that commences in mid-air and finishes above the clouds. In the course of its report it deals with a questionnaire which asks, *inter alia*, "Is Socialisation of Credit a practical policy?" Brevity is again proved to be the soul of wit by the Committee which supplies the answer: "It is both a logical and a practical policy. It can be effected by Parliamentary means and offers definite methods of relief from existing economic difficulties." The reply is dogmatically emphatic but there are no reasons, no explanations, no procedure.

Further on the Committee rises to the occasion in answering this question "What Bank could meet its obligations and how?" The reply is a clear admission that an inflationary note issue is intended—"The Commonwealth Bank by calling upon the credit of the Commonwealth

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through the Note issue branch." The Committee has a single-track mind. It sees nothing, it has no ideas other than the glories of the Note issue and the Printing Press. Incidentally, the only Bank of any importance that failed to meet its obligations in Australia during the Depression was the Government Savings Bank of N.S.W. and that because the Depositors, mainly working and middle-class people, lost confidence in the Government of the day which failed to meet its obligations to the Bank.

ANALYSIS OF PROPOSALS.

Since the exponents of Nationalisation and Socialisation are so nebulous concerning the proposals that they bring forward, it devolves upon us to analyse all the circumstances, political and otherwise, that surround them. The following questions suggest themselves as covering ground upon which no express information has been afforded up to the present:—

- (1) What real justification exists for the urge for Nationalisation of Banking? In what precise respects has the present Banking system failed to meet requirements?
- (2) What real proof is there that Nationalisation of Banking if applied would assist recovery if, indeed, it can be successfully applied at all?
- (3) What may be the consequences to Australia of any attempt to apply such a system?
and
- (4) What are the qualifications of those who urge a fundamental change in the financial policy and the monetary system?

Because of the consequences that will attend an unsuccessful attempt to nationalise the Banking system, the onus is upon the supporters of this creed to prove their case up to the hilt. If they fail to do so the case for Nationalisation breaks down before the defence is heard. Nevertheless, let us examine the questions I have just raised.

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WHERE IS THE PRESENT SYSTEM DEFICIENT?

The banking organisation of Australia has been evolving rapidly along the lines of the best systems in the World. More and more in recent years the Commonwealth Bank has assumed the functions of a central bank guiding credit policy, managing exchange and the currency—in fact discharging as a non-political national bank just those functions which the “reformers” claim can only be discharged by a political commission under a completely nationalised banking system. At present we have ten principal trading banks in open competition performing just those subordinate banking functions (e.g. deposit and advance business) which Mr. Theodore would make the monopoly of still another “board of competent commissioners” appointed by the Government. Under the present system efficient trading bank service is ensured by competition. The alternative offered is the inefficiency of the worst kind of political monopoly subject to all the cross-currents of party conflicts.

The mere assertion that the present system has failed to achieve beneficial results that can be achieved under a nationalised system proves nothing. Our present system has supported Australia throughout the gravest Depression in history. So well has this job been done that the financial recovery of our young Country is cited abroad as an example of sound policy and recuperative strength.

We have had no collapse and no fear of a run on our existing banks. We have not repudiated nor failed to meet our obligations either internally or abroad except for a brief space when a former Government gave us a taste of what socialist repudiation can do. We have financed the Depression losses by Treasury Bill issues, 60% of which are held by the Trading Banks. We have reached a point in Public Finance where Australia's Annual Deficits exceed by very little the Sinking Fund contributions in reduction of the National Debt. We have an ample supply of credit

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for the needs of sound industry and we are steadily reducing rates of interest. All this is evidence of a sound monetary policy and public confidence in our Financial Institutions.

Our credit abroad stands so high that since October, 1932, we have converted long-term Public Debt overseas to the extent of £110 millions at interest rates representing an annual saving of nearly £2.3 millions. In addition we have renewed short-term Debt in London to the extent of £34 millions at an annual saving of about £700,000 per annum. The gold reserves of our private Banks have been mobilised to support the Central Bank and meet external commitments. Working in conjunction with the Central Bank the trading banks have maintained funds in London to meet all commitments for imports and interest and there has never been any insuperable obstacle to securing a cohesive and progressive monetary policy.

Local Industries have been supported in face of the inevitable losses of a period of re-adjustment and the failures have been comparatively few. Industry is being financed in the process of recovery with a resultant heavy diminution in the sum total of unemployment since the middle of 1932. Subscribers to public loans in Australia have been assisted by the Central Bank and the Private Banks to provide Governments with the funds necessary for progressive Works policies for the relief of unemployment and there are abundant funds for profitable industrial enterprises.

At no stage in Australian history has the Banking system enjoyed a larger measure of public confidence. The criticism of Banks has centred around minor issues. On main issues the public never falters in its complete belief in the stability of the present system to which they entrust their deposits with a complete confidence.

Government Bonds are largely held by the Banks and other Financial Institutions and are valued above par both

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here and abroad at the reduced interest rates. Australian Banks have co-ordinated their policy and pooled their funds for the strength of Australian finance and the preservation of her Industries. They have refused to listen to foolish nostrums, whether advanced by former Treasurers or persons less exalted. If they erred during the depression it was in remaining silent under malicious criticism and refraining from giving to the people a full account of the important part they played in the process of national recovery.

A good deal of generalisation has been indulged in concerning the causes of depression. Advocates of nationalisation assert without proof that it is due to local banking policy. They interpret criticism of world monetary policy, uttered by responsible economists abroad, as though it were directed expressly against banking policy in Australia. The fact is that these critics of world monetary policy would almost certainly except the Australian system from their criticisms. In fact some of them, notably Mr. J. M. Keynes, have expressly commented on banking policy during recent years. Local critics have failed to indicate in what respects the Monetary System or the Banking System has been responsible or whether the effects of world depression on Australia could have been avoided under any kind of local banking system. Certain it is that the Depression was world-wide while the influence of our monetary and Banking systems is largely local. By no stretch of imagination could it be claimed that a Nationalised Banking system in Australia could prevent the influence of a world-wide Depression. It could not raise the value of our Primary Products abroad and this was the principal cause of the Depression as it affected Australia.

Nationalisation of Banking is a blatant attempt to exploit the misfortunes of farmers and others whose incomes have been depleted by the world-wide fall in prices, to play upon the difficulties of business men whose turnovers have shrunk because the flow of income from export industries has fallen, and illustrate the hardships of the unemployed,

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who have lost all their income, and the employed, who have lost some of their income, from the same causes. It is not too much to say that most advocates of socialisation or social credit attempt a confidence trick by implying that these things can be remedied merely by socialising credit. Actually they have never shown, nor can they do so, that the Banking system in this Country contributed in any way to the causes of the Depression.

CAN NATIONALISATION HELP RECOVERY?

If attempts to establish State Industries in New South Wales and Queensland since 1912 may be taken as a guide, it is evident that Nationalisation of Banking is entirely beyond the capacity of the politician and the public administrator. The fact is that Banking is a highly technical function with centuries of experience behind it that cannot be acquired over-night by politicians. Even if Governments always made wise selections in choosing their three-year commissioners, what competent bankers would accept such an insecure tenure? Could there be any real banking policy at all under a system of triennial changes? To ensure continuity the temporary commissioners would be compelled by political pressure to embark on vote-catching devices that are indulged in excelsis by the nationalisation school of politics. Imagine the gyrations of a political monopoly of credit as elections approached and think in terms of the fruit machine and tin-hare finance of a recent Government of socialisers.

Supporters of nationalisation insist that the whole banking system must come under the control of a Commission to be appointed as each new Parliament is elected. What a feast for party politics! Under such a system we will bid farewell to competition, which is the mainspring of all industrial and financial enterprise. Woe to any business that failed to agree with the officials! No second string to your bow if the overdraft is called up or the credit restricted. Economic recovery is not likely to be

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assisted by the knowledge that industrial prospects are in the hands of political opportunists.

The plain fact is that whatever may be practicable in a perfect world, nationalisation of Banking is not practicable under our political system as it has operated in recent years.

THE CONSEQUENCES OF NATIONALISATION.

Such a system of banking could not hold the confidence of depositors. For this reason and because of the general objective of socialisation, any serious attempt at nationalisation would cause a flight of Capital from Australia which would cramp Industries and create unemployment on a huge scale.

Exponents of Nationalisation might assert that this would be countered by issues of credit and currency but unless these were to be given away as provided by "Douglas Social Credit" there would be few so rash as to place themselves in the hands of a socialist Government by borrowing from it. If Douglas gift money were distributed bedlam would break loose. Bad money would flood Australia and prices would soar to levels that could only be paralleled in the post-war experiences of Germany and Austria.

Nothing under this heading is intended to be personal or to have reference to any particular individual who advocates Nationalisation of Banking. The subject is of such vast importance, however, that the public interest demands that we should enquire who are the people who, by their experience, are entitled to endeavour to lead Australia into such a gigantic experiment.

None will deny that matters of credit and currency are highly technical. It is essential that the advocates for Nationalisation should show that they are trained and expert in banking practice so that they may assure us of their ability and experience to instal a nationalised system.

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It is not sufficient that they should be politicians, or even ex-Treasurers, for such men do not necessarily gain experience in banking as such. A knowledge of Public Finance is quite a different thing from a knowledge of the technique of Banking.

It is self-evident that many of the exponents of Nationalisation have never studied the internal mechanism of Banking. The A.L.P. Socialisation Committee is not dismayed by this aspect of the problem, however, for it declares that "Labor will no longer tolerate the inefficient management of amateurs such as in many instances are controlling banking affairs to-day." The Committee proceeds to declare further that "The credit resources of the nation will be managed by the most competent executives available, who will be chosen for their knowledge of the true functions and working of the credit mechanism." They do not say what are these "true functions," and they do not explain how they will induce competent men to risk their reputations in aiding disastrous socialist experiments. Neither do they say where are these "competent executives" unless they be the members of the proposed National Credit Commission to be appointed by party politicians from among party theorists. Where is this reservoir of "competent executives" if they are not already managing the banking system? There is little doubt that if a few of these anonymous "competent executives" would present themselves to the Banks to-day they would have no difficulty in securing remunerative appointments, for the Banks spend large sums training executives and sending them abroad for experience. There is room for fear, however, that the "competent executives" may prove to be later editions of some of the types that we have seen appointed to important positions in Australia by earlier Governments.

Mr. Theodore says "The notion that the Banks are the repositories of all wisdom in the matter of monetary control . . . is now being rudely shaken even in Conservative England." As to that there is not much evidence. Neither

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is there abounding evidence that the Socialisation Committee can produce "competent executives" that can satisfy the public that they have any wisdom at all in the matter of monetary control.

WHAT IS OFFERED.

The exponents of Nationalisation do not scruple to use any misrepresentation nor to hold out vain hopes in doing it. This is what the Socialisation Committee promises: "Credit will be available to provide a standard of living in accordance with our Australian ideals and productivity. This can only be accomplished by an increase in Consumer capacity. Scientists and Economists" (no names mentioned) "have agreed that Australia could support 100 million people whereas under present conditions it cannot provide for 6 millions." Major Douglas has the same sort of idea and is equally vague and equally reluctant to make a definite proposal. He has explained in Australia that it is too technical for public discussion. In England he told the Macmillan Committee of technical experts that he would like to study the problem more fully before giving proposals. The Australian worker already has a standard of living higher than in most other countries. Australia is further along the road to recovery than most other countries and we are still moving along at a comparatively rapid rate. Who knows what may happen if the "competent executives" take charge of the Banks?

The most glaring misrepresentation is indulged in by advocates of a socialist banking system. They seek assiduously to spread the notion that banks create depression in order to exploit them for private profit. This is the exact opposite of the truth for the history of banking reveals that their profits rise in times of prosperity and fall in times of adversity. This may be illustrated simply from recent experiences. In the pre-depression year, 1928-1929, when the average of all company profits was over 8 per cent. on paid-up capital and reserves, the corresponding average profits earned by the ten trading banks was

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7 $\frac{3}{4}$ per cent. In the year 1932-33 when average company profits were about 4 $\frac{1}{2}$ per cent. the corresponding profits of the trading banks had fallen to 3 $\frac{1}{8}$ per cent. And what is more the trading banks have no possible chance of increasing their profits until prosperity is restored.

The obvious fact is that the well-being of the trading banks depends upon the well-being of the community for company and bank earnings can rise only as business and industrial activity revives and as employment is restored. It is to the direct interest of the trading banks to exercise their functions in such a way as to promote sound recovery and sustain prosperity by every means in their power. Beyond that, times of depression bring to the banks the gravest problems for solution. When prosperity exists their tasks are relatively easy but when they are endeavouring to carry thousands of customers temporarily unable to pay interest or to repay advances their cares are multiplied manifold. The critics of the banking system deliberately set themselves out to hold up the banks as hard-hearted creditors unduly harassing borrowers. The fact is that the banks themselves are the greatest borrowers in the community. Over 90 per cent. of the funds they lend belong to hundreds of thousands of depositors spread throughout the community. The safe custody of these funds by the banks is what makes business confidence possible. The banks must always be in a position to repay any depositor on demand to the uttermost farthing.

At this point it is relevant to observe that proponents of nationalisation urge that in the event of depositors losing faith in a nationalised banking system they could be promptly placated by payment in notes issued as fast as the printing presses could turn them out. They forget to add that if this desperate expedient were adopted depositors would have nowhere to redeposit their paper chits and many would not entrust them again to the system in which they had lost faith. The only alternative would be to buy marketable commodities, real estate and such like. That is the common experience in countries flooded with paper

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money. The insistent rush to exchange paper money for goods always and inevitably leads to a rise in prices, which in turn encourages speculative buying and selling and prices go up and up until they reach the sky.

That is the kind of "remedy" that socialists preach as the safeguard of a national banking system which lost the confidence of the people who became distrustful of the Government that administered it. Under their system bank depositors would have no option but to entrust their financial eggs to one basket and a basket to be held by the political irresponsibles who advocate it. Under the present system in Australia depositors and borrowers have the choice between ten private trading banks and a non-political Commonwealth Bank independent of political or any other kind of external interference. If they are dissatisfied with any of them they can take their savings to another. They are the masters of their own money. The alternative suggested is to make themselves victims of a complete banking monopoly under Governmental control which could exert upon them financial pressure to support any kind of wild-cat policy.

CONCLUSION.

There is little or no attempt by exponents of nationalised banking to make out any real case for it. The attempts they do make are to display baits coated with sugary phrases. In the main they are prompted by ulterior political motives. Their complaints against the present system would tell with greater weight against the system which they propose. Their real reason for wishing to destroy the existing Commonwealth Bank is that it has been independent enough to safeguard the real interests of the nation and refused to bend to the demands of a former Federal Government that in turn had yielded to the clamour of the reckless inflationists included in its ranks.

The principal stock-in-trade of certain of these gentlemen is to accuse everybody who defends the present banking and monetary system with being a friend or ally of the private Banks. They hope by this means to impute in-

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terested motives and discount the defence. So far as I am concerned, I claim my right as a public man to criticise Banks or any other Institutions if I am of opinion that the public interest demands that course. More than that I will do so if occasion should arise.

On the other hand I will not allow my confidence in the Banking system of Australia and my belief that the future of Australia depends upon a continuance of the private competitive system to be suppressed because of the methods employed by the exponents of Nationalisation. I hold no brief for the Banks or for Bankers as such. I do, however, assert that the Banking system of this Country has stood a test and performed a service to Australia which should place it beyond the reach of the type of critic that one is compelled to answer.

Like all large organisations the Banking system may make a percentage of errors in individual cases and doubtless will continue to do so. It would be surprising if it were otherwise where hundreds of thousands of cases are concerned. This does not prove, however, that the system itself is inherently wrong, neither does it prove that any mistakes that are suggested by its opponents would not be multiplied and intensified under a Nationalised system that removes all the sound and healthy features of the present system and makes it possible to substitute political intrigue on a scale not previously experienced.

The only real tests to apply are whether the Banking and Monetary system in Australia has proved on the whole sound and serviceable; and whether there is another system in view that can serve a more useful purpose. The answer to the former is an affirmative based upon our development before the Depression and our steadfastness during the Depression. The answer to the latter is that no alternative has been suggested except an artificial and unworkable device conceived in the minds of people who, for the most part, desire to capitalise the Depression for their own political ends.

—E. S. SPOONER.

THE POSITION OF AUSTRALIAN DAIRYING

THE PRESENT SITUATION

By J. V. FAIRBAIRN, M.H.R.

During the past six months the Dairyman and the woolgrower have changed places. During the first year or two of the depression the dairy farmer enjoyed, by comparison with other Australian primary producers, a period of reasonable prosperity whereas the woolgrowers were losing money at a most alarming rate. During 1933, however, while wool prices rose in a spectacular manner to a level at which growers, who have not become too heavily loaded with debt, should have a chance of gradually restoring their finances, a calamitous drop has occurred in butter prices putting the dairyman in as sore straits as the woolgrower was eighteen months ago, with the additional worry that butter is in a much worse statistical position than wool ever was. Wool was always in a sufficiently sound statistical position to give grounds for optimism to the man financially strong enough to hold on, but, although it is far from my intention to write over-pessimistically, I find it difficult to point out any ray of hope in the present statistical position of butter. The wholesale price of butter on the London market (which is in actual fact practically the world market) has fallen from 171/- per cwt. in the 1928-29 season to an average of only 86/6 per cwt. for the 1932-33 season and has since fallen much lower. Add to this the melancholy fact that world butter production is still increasing and one realises the critical position in which the dairying industry to-day finds itself.

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THE CAUSES.

The causes are as obvious as the complaint. Tremendous increase in the production of exporting countries and the closing of all substantial European markets, with the exception of England, to imports.

The increase in production was brought about primarily by the natural factors of increased efficiency of dairy methods, such as herd improvement and pasture improvement and (especially in Australia) the bringing into production of additional dairying country. This natural increase would, in normal times, have hardly kept pace with the increase in consumption through population increase and higher standards of living, but, in addition to these natural reasons for increased production, the comparative prosperity of the industry at the beginning of the depression brought about an abnormal increase. Farmers, in all other branches of farming being unable to make a living, turned, wherever their land was suitable, OR COULD BE MADE SUITABLE, to dairying. (At this time it had been generally realised that country formerly considered barely sufficiently fertile to depasture one merino sheep to the acre could, by means of sowing suitable grasses and generous use of superphosphate, be converted into reasonably productive dairying land.)

At the same time as this abnormal increase in butter production was taking place in exporting countries a development of the prohibitive tariff and economic nationalism mania, which has fallen like a plague upon the civilised world, led to the closing of several European markets. Germany in particular, formerly a large importer of butter, decided to prohibit its import altogether, leaving England the sole market for the Northern European butter formerly sold in Germany. The imports of butter into England increased from 313,727 tons in 1929 to 407,075 in 1932—an increase of over 29% in three years. It is not necessary to seek further cause for the drop in prices, in fact, it is only

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through the low prices, undercutting margarine and bringing butter within the purchasing power of even the most slender purse, that it has been possible to dispose of such tremendous supplies at all.

THE DISCREPANCY BETWEEN DANISH AND AUSTRALIAN PRICES.

At this point the question that naturally frames itself in the reader's mind is "Granted that butter prices were bound to fall as a result of such enormously increased supplies—why the big margin between the prices of Danish and choicest Australian butter?" The answer to that very natural question is that it is due partly to British conservatism, which extends even to housekeeping habits, but even more to the statistical position of the two butters. The British as a race are essentially conservative in their habits and tastes and the Britons of the homeland brought up to a freetrade tradition are even more so than we in Australia and hate to change even the smallest fad or fancy. Having been brought up to buy Danish butter and knowing it to be excellent (which it is, although no better than choicest Australian) they do not change without some very definite reason. Danish butter, though admittedly no better than Australian and thought by medical men to have less health-giving properties, is placed on the English market fresh from the churn, within a few days of manufacture—just as butter is placed on the table in Australian homes. This means greater spreadability which is a definite virtue in the eyes of the careful housewife. It is estimated by experts that in winter it takes at least $1\frac{1}{4}$ lbs. of hard frozen Australian or New Zealand butter to go as far as one pound of spreadable Danish butter. The Danes have the advantages of spreadability, uniformity of quality, packing under one brand, and the good-will of consumers extending over a period of forty years. Do not think that the English will not change. They do and are doing so, but they need some definite urge to make them. That definite urge is being supplied by

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propaganda and unfortunately by the lower price of Australian butter.

The statistical reason that can be shown for the difference in price between the two butters is a very marked one. In three years the imports of Australian butter into England increased by 55,054 tons from 38,409 in 1929 to 91,463 in 1932, an increase of 137% in three years or 45% each year; while, during the same periods, the imports of Danish butter increased by only 18,981 tons from 110,202 to 129,183, less than 6% per year. Obviously, therefore, if a market had to be found each year for 45% more Australian butter while Danish supplies only increased by 6% each year something more than advertising was needed and unfortunately that something had to be a lower price.

UNSTINTED PRAISE AND SIMILAR SUGGESTIONS FROM ALL IMPORTERS.

During a hurried trip to England during 1932 I took the opportunity of making as extensive enquiries as possible in the short time at my disposal into the marketing and quality of Australian butter. NOWHERE IN THE COURSE OF MY ENQUIRIES DID I HEAR ANYTHING BUT PRAISE OF AUSTRALIAN BUTTER and the big wholesale dealers expressed the very greatest admiration of the improvement effected during the past few years in marketing a more uniform quality true to type.

When asked what improvements in marketing or manufacture they could suggest all stressed the same two points; the handicap of irregular supplies and the doubtful wisdom of exporting any lower grade butter.

This irregularity in the volume of Australian supplies is very difficult to avoid owing to our great seasonal fluctuations and is undoubtedly a considerable handicap in pushing the sale of our butter. By propaganda it is not difficult to persuade grocers in different centres to stock

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our butter and urge their customers to try it, but if after doing so they are later temporarily unable to get supplies and have to disappoint customers who have changed from Danish it is difficult to get them to push ours again—every storekeeper knowing that, in matters such as this, customers are illogical and easily disgruntled. Butter keeping well in cold storage, it is possible to regulate the supply to a considerable extent but not so easily as one might imagine as it is quite impossible to estimate accurately future production and therefore difficult to know how much should be held in reserve. However, recently, much has been done to regulate supplies and it is a considerable time since supplies of Australian butter failed, though on several occasions it has helped to glut the market. The Danes, however, have little trouble in maintaining an even flow of supplies as their cows, being stabled for over half the year and artificially fed, are kept in almost uniform production throughout the twelve months.

The export of lower grade butter is also a difficult problem. Denmark prohibits the export of any but high grade butter (approximately equivalent to what we term choicest and first grade). The Danes export practically all their highest grade butter, eating at home what low grade butter they do manufacture. (Actually they also eat a great deal of margarine to keep up the volume of their exports.) We, unfortunately, still export considerable quantities of lower grade butter, which grocers, taking advantage of demand stimulated by Empire Marketing propaganda, often sell as Australian butter, without, quite naturally, stressing the fact or indicating in any way that it is Australian second grade. Obviously, therefore, many who have decided to give our butter a trial unknowingly purchase our second grade and decide it is not as good as the Danish they have been eating previously.

So long, however, as the industry continues to produce a substantial percentage of lower grade butter the banning

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of its export would not seem to be practicable. The solution of the problem would rather seem to be that the industry must so regulate itself (if necessary with legislative assistance) that the production of lower grade be reduced to so small a percentage that it can be consumed, in various ways, locally. Recent legislation passed through Federal and State Parliaments will, I hope, have a considerable indirect effect in achieving this.

OUR DANISH COMPETITORS.

Having heard so much of the reputed efficiency of Danish farming, accompanied by a dairyman from the Warrnambool district, I paid Denmark a flying visit, both metaphorically and literally. Travelling by air we had only three nights and two clear days in which to see what we wanted. However, thanks to the great kindness of Count Eggert Knuth, a former vice-consul to Australia, who planned every minute of our time and engaged an agricultural expert to act as our guide by day, we were shown an amazing amount during that short time. My friend's excitement was intense, when, our aeroplane arriving over the first island of Denmark, we saw cows grazing tethered in long lines and milkmaids milking them in the fields. Many people think this Danish habit of tethering cows in the fields and shifting them at short intervals is a modern and scientific method of grazing. Actually it is merely a substitute for fencing the country and an old fashioned survival. The most up-to-date Danish farmers are now fencing their land, but nowhere did I see the land fenced for modern rotational grazing.

We hoped to learn much about pasture improvement, pasture management and up-to-date dairying methods. We actually learnt that Denmark, with its beautiful capital, was a charming spot (at any rate in summer) and that Danes are the most friendly and hospitable of people but found, to our great surprise, that there was little to be learned about pastures or modern dairying methods.

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Danish marketing and pig breeding methods are remarkably advanced and they have developed the co-operative system in a most notable manner, but their pasture and dairying methods are far from ultra modern. Actually pastures are, in Danish dairying, of comparatively minor importance; the cows being stabled and fed artificially for more than half the year and during the time that they are depastured they are often receiving a supplementary ration of fodder. Whereas on an Australian dairy farm one finds practically the whole area devoted to pastures, with only an occasional paddock used for growing fodder, on a Danish farm much the largest area would seem to be used for growing root and other crops. Apart from the fodder grown on the farms a very great amount is imported, mostly from the U.S.A. and Canada. Apart, therefore, from the great amount of labour entailed in housing and artificially feeding cows for six or seven months of each year, the expense is very great indeed. I worked it out with the most efficient and methodical farmer we visited that it cost him £9 per cow for feed during the housing period alone. The capital cost of these enormous stables must also be great. The natural costs of dairying in Denmark are, therefore, infinitely greater than the natural costs in Australia.

The industry and care that the Danes must exercise to produce such a percentage of high grade butter, when working for the greater part of the year under the most difficult and unhygienic conditions, is worthy of the greatest admiration. Having seen for myself these great old-fashioned stables in which the Danish cows spend the greater part of their lives, I am inclined to agree very strongly with those British medicos who say there must be greater health-giving properties in Australian butter.

We concluded that the secret of the undoubted success of the Danish dairying industry lay in the excellence of their marketing and the high average standard of their herds; the latter is due to the Danes having industriously

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practised herd-testing for a great number of years. Although Danish herds are not better than our best established herds, one does not see the poor uneconomic herds as yet unavoidable in our young and rapidly expanding industry.

Whatever of prosperity or adversity the future may have for dairying throughout the world and although it is essential that we do everything possible to bring our marketing and herds to the highest possible standards, I am quite certain that the Australian dairyman has no reason to doubt his ability to compete successfully with his Danish rival.

WHAT OF THE FUTURE?

One would need to be very brave or irresponsible to attempt prophesying the immediate future of the dairying industry and as I have said the immediate prospects for the future seem most gloomy. Excessive pessimism, however, is unwise and unwarranted; unwise because pessimism is the enemy of efficiency and unwarranted because ultimately the present problem of overproduction and underconsumption will be adjusted. The Depression will not last indefinitely, the world's standard of living will be restored and increased, causing a greater demand for butter, the present plague of economic nationalism will pass and that factor (the comparative prosperity of dairying compared with other forms of farming) which brought about an abnormal increase in dairying has ceased to operate and in some districts is already reversed.

The individual dairyman, while facing up to the future with as much confidence as he can summon in the face of the present gloomy situation, must also face facts, test his herd methodically, cull all but his really profitable cows and, where feasible, convert himself into a mixed farmer.

—J. V. FAIRBAIRN.

CZECHOSLOVAKIA¹

IN RELATION TO OTHER EUROPEAN COUNTRIES

By Dr. RUDOLF KURAZ.

The Republic of Czechoslovakia is situated right in the centre of Europe. It has an area of about 60,000 square miles and a population of 15 million people. The capital city is Prague with a population rapidly nearing 1,000,000. Czechoslovakia is bounded on the west by Germany, along the northern side by Germany and Poland and along the southern side by Austria, Hungary and Roumania; these last three countries separating Czechoslovakia from the Balkan.

To-day, Czechoslovakia is a modern state in every respect. Restored from oblivion, after 300 years of foreign rule, the country, under the guidance of President Masaryk, has, in the brief period of 15 years of its new freedom, already proved to be a firm pillar of peace, a neighbour always ready for good understanding with others, a champion of and mediator in all efforts aiming at peaceful co-operation on behalf of a better and more consolidated Europe.

In the foreign relations of Czechoslovakia by far the most important are those with Yugoslavia and Roumania. With these two countries Czechoslovakia forms the so-called "Little Entente." The Little Entente was organised by these countries in 1920 only as a political alliance to prevent the return of pre-war times, when the smaller Central European and Balkan States were merely an object of the policy of Great Powers. It was conceived as a factor of reconstruction in Central Europe, and, at the same time,

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incorporated a new political doctrine, to the effect that the new states of Central Europe were for the future masters of their own destinies, that they deemed themselves mature enough to live their lives after their own fashion and that they were not disposed to be the objects of traffic on the part of the more powerful states, but claimed like sovereign rights as the other countries in Europe. The application of this doctrine has been the basis of the Little Entente's existence during the past twelve years.

The leaders of the foreign policy of Czechoslovakia, Yugoslavia and Roumania further realised that the smaller states must reach an agreement among themselves without the necessity of calling Great Powers to assist them against each other; if, formerly, in Central Europe and in the Balkans there were disorders it was mostly because the big powers used to play one nation against the other. Czechoslovakia, especially, considered always the method of direct agreement with her neighbours as the only right policy.

From the foregoing it is evident that when the idea of a Directorate of the Four Great European Powers was launched at the end of 1932 it proved at once unacceptable to the Little Entente. In his speech in the National Parliament in Prague on April 25th, 1933, Dr. Benes, who has directed Czechoslovakia's foreign policy since 1918 without interruption, declared expressly that "the idea of creating a partnership of Great Powers which would impose their will upon other states belongs irrevocably to the past," and, further, that "from the point of view of international law the states of the Little Entente are factors absolutely equal to any other state and that they do not and will not recognise subordination to any other authority except the League of Nations, so long as it proceeds strictly according to the spirit and procedure of its present Covenant."

The Pact of Four has one result which its originators did not foresee: the cementing of the heretofore rather

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indefinite mutual relations of Czechoslovakia, Yugoslavia and Roumania into a formal diplomatic Union, to prevent any possibility of any combination of other states attempting to make decisions regarding their territory, which of course, from the point of view of each state, is an impossible thing, as territorial matters are—for every state—the most vital matters.

In February, 1933, the Foreign Ministers of the states of the Little Entente issued jointly at Geneva an announcement regarding the new status of the Little Entente for the purpose of organising peace and of intensifying the economic relations with all nations, particularly those in Central Europe. This announcement was an outstanding international event in Europe, and since then the world press has spontaneously written of the Little Entente as a new Great Power.

The measures taken at Geneva transformed the Little Entente into a unified international organisation. First of all a permanent Council of the Foreign Ministers of the three countries was constituted to act as the directing organ of their common international policy. This Permanent Council will consist of a permanent secretariat at Geneva and of an Economic Council to co-ordinate the economic interests among the three countries and also in relation to other states.

The Permanent Council will meet at least three times annually. One of these regular meetings will take place alternately in one of the three capitals (Prague, Belgrade, Bucharest), the second in Geneva on the occasion of the annual meeting of the League of Nations, and the third will be fixed by the Chairman of the Council, which office will be held for the period of one year by the Foreign Ministers of the Little Entente States in rotation.

In political matters every treaty of one of the three states of the Little Entente changing the relations of that

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state with another Power, as well as any economic arrangement entailing also political consequences, will require unanimous consent of the Permanent Council.

The Geneva announcement of the three Foreign Ministers further contained the declaration that the common international policy of the Little Entente will be mainly inspired by the Covenant of the League of Nations and by the Peace Treaties.

All the documents creating the status of the Little Entente (namely, the treaties of alliance between Roumania and Czechoslovakia of 23rd April, 1921, between Roumania and Yugoslavia of June 7th, 1921, and between Czechoslovakia and Yugoslavia of 31st August, 1922, all of which were renewed on 21st May, 1929) were rendered permanent and now form one sole legal document.

Simultaneously, important decisions were also made in economic matters concerning the improvement of the Danube navigation, railway and airway transport, postal services, telephones, wireless, preferential treatment of goods exchanged between the three countries and some other questions of trade policy.

It should be here emphasized that the new statute of the Little Entente is an open instrument with no hidden purpose and is also available for other states to adhere to. It expresses distinctly that Czechoslovakia, Yugoslavia and Roumania desire peace, and that they are anxious to put all their united forces to its service; they want to be left in peace to be able to consolidate their economic and internal problems and to develop their economic and cultural relations. It may be said that the Little Entente in its new form is the first regional agreement to ensure a higher degree of security and stability and to simplify and clarify the international situation in Central Europe. The diplomatic union of the Little Entente represents to-day nearly 50,000,000 people and has a territory of 684,000 square kilo-

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metres, being thus, so far as its area is concerned, the largest united body in Europe except Russia. In population Germany alone is bigger with her 64 millions.

Speaking before the Foreign Relations Committee of the Czechoslovak National Parliament in March, 1933, Dr. Benes dealt with the relations of the united Little Entente as such to the Great Powers and emphasized in this regard that the Little Entente understands that the voice of the Great Powers in the international policy is and always will be decisive and that the general responsibility for peace or war, order or anarchy, both in Europe and in the world, falls naturally first of all upon their shoulders. While, however, giving to all Great Powers without distinction what is due to them, the Little Entente, on the other hand, is of the opinion that the big nations must realise that in future they cannot seek to satisfy their ambitions and economic aims over the heads of the smaller nations.

As to the attitude of the new Little Entente towards the remaining smaller countries of Central Europe—Hungary, Austria and Bulgaria, it is best characterised by the provision of its organising Pact containing a clause which leaves it open to these states to join it, should they so desire. It recognises the equality and the special interests of these smaller neighbours and it desires to fully respect them.

The first conference of the Permanent Council of the Little Entente took place in Prague in May, 1933, on which occasion the organisation of the new diplomatic union was ratified. The conference dealt with the Pact of Four Great Powers, and declared, in regard to the problem of the revision of Peace Treaties, that the question of a revision of the boundaries of their countries never existed for them and "that they" (i.e., the States of the Little Entente) "cannot admit in principle any pressure exercised in favor of revision upon any state whatever, the destiny of the territory of which is dependent exclusively on the respon-

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sible constitutional factors and Parliaments." The three Foreign Ministers of the Little Entente further stated that the agitation regarding the problem of revision only served to poison mutual relations by arousing unrealisable hopes and thus augmenting the obstacles in the way of normal relations among the Central European States.

The communique issued after the conference emphasized that the Little Entente demands that all nations of good-will should follow the policy of respect for treaties and international law; that they should practise a policy of general arbitration; and that they should pursue the policy of disarmament based on the principle of security for all.

The communique further stressed the point that the three states of the Little Entente menace none of their neighbours; that they loyally carry out and intend to carry out all their international engagements; and that their Union has no other aim but to serve as a starting point for the new pacific organisation of Central Europe, which other States may join, if they wish; however, that while sincerely and loyally following this policy they are bound nevertheless by ties of indivisible union, determined to defend their common vital interests by all means at their disposal against any menace.

Special attention was paid by the conference to the question of economic co-operation of Czechoslovakia, Yugoslavia and Roumania. An Economic Council was established, comprising three national sections of five delegates each for the following groups of problems: (1) Commercial Policy in General, (2) Agricultural Questions, (3) Industrial Questions, (4) Financial Questions and Problems of Credit and Central Issue Banks, (5) Communications. The three national sections will assemble regularly at least four times a year, alternately in the capital city of each country, to prepare proposals to be submitted to the Permanent Council of the Little Entente.

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The Economic Council will first of all prepare a detailed plan of exports and imports among the three states, with the view of intensifying the mutual commercial relations. For that purpose a system of preferential customs tariffs will be introduced. A plan for the unification of railways of all three states will be elaborated. Special attention will be given to questions of standardisation. Unification of commercial laws, bills-of-exchange and cheques, and of customs laws, will be carried out. A detailed plan for the development of tourist traffic among the countries of the Little Entente will come into consideration as soon as practicable.

All the plans as mentioned have one aim, namely, to prepare the three states for an evolution towards a new economic community and for the development of a more extensive mutual trade. In this respect—although there are difficulties to be overcome—the states of the Little Entente offer a suitable basis. On the one side is Czechoslovakia with its highly developed industries of all kinds and with its 40% of agricultural population. On the other side are Yugoslavia and Roumania, with 80 to 90% of their people engaged in agriculture, and only about 10% in industry.

Yugoslavia and Roumania are rich in wheat and maize, both of which commodities Czechoslovakia needs (although last year in wheat it was self-supporting). Of industrial plants Yugoslavia supplies tobacco and wine; Czechoslovakia's production of both these articles is limited. On the other hand Czechoslovakia produces large quantities of oats and barley, potatoes, sugarbeet and hops. Yugoslavia has only small supplies of these products and the Roumanian harvests show a greater quantity only as regards barley. Yugoslavia is rich in all kinds of vegetables which Czechoslovakia has to import. All three countries contain great wealth of different timber and can supply one another with certain special types of wood which grow only in particular regions.

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Yugoslavia has about eight million and Roumania about twelve million sheep; their production of wool is quite considerable. Czechoslovakia has only about 700,000 sheep and in view of its great woollen industry has to import nearly 95% of its wool requirements, most of which, at the present time, comes from Australia. In fish, Roumania can supply the markets of the other two countries. Coal in large quantities is mined only in Czechoslovakia. In oil, Roumania comes next to Russia. In Czechoslovakia first class clay in exportable quantities is found, which is the foundation of a very extensive ceramic industry. The country is first in Europe as regards uranium, but its deposits of silver, manganese and some other minerals are limited. Yugoslavia has great resources of copper, aluminium and lead. Roumania is engaged in the mining of methane and gold.

In the development of its industries Czechoslovakia has made great progress during the past decade. Although a relatively small state with 15 million people, it occupies to-day the eighth place among the exporting countries of the world in respect of manufactured articles. Consequently, it can supply both Yugoslavia and Roumania with glass, porcelain, leather goods, textiles, toys and fancy goods, machines of all kinds, electro-technical requisites, metal goods, paper, furniture, musical instruments, chemicals, etc. In Czechoslovakia there are about 12,500 large industrial concerns with about 1,200,000 workers, whereas—with the exception of oil and timber—the Roumanian industry on the whole is yet undeveloped, and Yugoslavia has only about 5,000 industrial concerns employing about 140,000 workers. From the foregoing it is evident that there are many products abundant in one and lacking in the other states of the Little Entente, and this fact will be the basis for future plans to intensify the mutual trade relations of the three countries.

Of the other European countries in the forefront of interest in their relations with Czechoslovakia at the present time are Poland, Austria and Hungary.

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The mutual relations of Czechoslovakia and Poland are very friendly indeed, as the political aims of both countries run parallel. In commercial matters their relations were materially strengthened in recent times, especially during the last year, because Czechoslovakia is using more and more the Polish seaport of Gdynia which is rapidly developing into the most important port on the Baltic.* In the foreign sphere both countries co-operate loyally for the purpose of maintaining peace in Europe. Poland ranks among the most active supporters of peace on the basis of Peace Treaties, and in international politics there is no important question on which Poland would differ from Czechoslovakia. At a Polish Czechoslovak Press Conference held at Warsaw in January, 1933, and which became a manifestation of friendship of both nations, it was decided by a special resolution that the relations of Poland and Czechoslovakia should be encouraged to become still closer and that by more fruitful co-operation in all spheres of mutual interest both nations should agree to defend the New Europe which, in comparison with the old, offers a more just and better international organisation. Poland, although not a member of the Little Entente, is in full accord with its policy and maintains good relations also with its other two members, Yugoslavia and Roumania.

Towards Austria Czechoslovakia is bound by the tradition of amicable relations ever since 1920 and these were strengthened by the visit of Dr. Benes in Vienna in 1933. Dr. Benes desires wholeheartedly a close economic collaboration of Austria with all members of the Little Entente and there seems to be every hope that this aim will be achieved.

The relations of Czechoslovakia and Hungary are, unfortunately, rather strained at the present time, owing to

*In the year 1924 the total shipping of Gdynia was 24 vessels and the tonnage 14,352, whereas in 1932 there were 3610 vessels and the total tonnage 2,831,604. The great Bata boot and shoe concern of Zlin, Czechoslovakia, maintains its own steamship service, with Gdynia as home port, for their export trade.

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the excessive Hungarian propaganda abroad—especially in quarters where the complicated Central European conditions are insufficiently understood—for the revision of Peace Treaties. In their most condensed form these revisionistic claims are for the restitution to Hungary of its pre-war frontiers; in other words, all the good that issued from the horrible experiences of the Great War is to be liquidated and Europe is to start again where it stopped in 1914: the millions of people who were liberated thanks to their own efforts and to the sacrifices of the Allies are to be sent back under the yoke from which they escaped. It is easily understood that such a revision is opposed by the nations who regained their freedom after centuries of foreign rule. It is obvious to the average thinking man that such a policy of revision can only lead to another war. The most peace-loving nation in existence will not allow its newly regained liberty to be taken from it without a vital struggle. However, there seems to be little doubt that the present wave of revisionism is only one of the many already experienced and that it will also pass, as it is difficult to believe that the natural course of historical happenings could be in the end affected by propaganda. While Czechoslovakia does not want anything from anybody, at the same time it has not the slightest intention of making territorial concessions, and in this matter will accept no dictation from any foreign Power.

In considering this question of Peace Treaties revision it must not be forgotten that Czechoslovakia has not destroyed Austria-Hungary: that monarchy—the same as Turkey did after the Balkan wars—died a natural death, as it was an obsolete formation which no longer met the needs of the nations within its borders. Even if one would concur in the view expressed in certain quarters that the present order in Central Europe is not a perfect one in all respects, as against the old order it represents no doubt a tremendous advance towards greater justice for all nations concerned. Nobody would deny that the minority problem is one of the important problems facing not only Czecho-

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slovakia but other Central European states as well; in every one of them are minorities. This is quite unavoidable, because the different nations are so intermingled that it is absolutely out of the question to draw the state boundaries so that they would include one nation only. And this is the greatest difficulty facing any attempt of Revision, because—as Professor Seton-Watson, Masaryk Professor of Central European History in the University of London, in an exhaustive article in the July, 1933, issue of the "Slavonic Review," points out—no matter how the frontiers in Central Europe may be drawn or redrawn, very considerable minorities must in all cases inevitably remain on the wrong side of every one of them. In Czechoslovakia, however, the Hungarian minority fully enjoys the protection afforded by international treaties; the Czechoslovak laws ensure this minority equality of treatment with the rest of the population not only in political but also in cultural and economic spheres.

Not that Czechoslovakia fails to understand the difficult position of modern Hungary and her national pain. Dr. Benes, speaking in Nove Zamky (Slovakia) on December 8th, 1933, said that "We" (i.e., Czechoslovaks) "have no inimical feelings towards the Hungarian nation. We have no hatred for them. In the future our mutual interests can meet again and, therefore, to-day we desire to wait in mutual respect, loyalty and calmness, until time has healed the wounds dealt by war and revolution."

Czechoslovakia believes that, given time, the present not so good neighbourly relations with Hungary will right themselves and that a way will be found for co-operation which will benefit both nations, especially as Hungary is interested in securing markets for its agricultural products and to this end it requires favorable commercial treaties with its neighbours, among whom Czechoslovakia is an especially good customer.

Among the Great European Powers, Germany is our direct neighbour. Ever since the war Czechoslovakia's

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relations with Germany have been good and entirely correct. According to a testimony of Dr. Benes no single cause of conflict of any importance has arisen in the whole time of fifteen years, since the end of the war. It might be mentioned here that even during the war Germany showed little hostility towards Czechoslovaks in their struggle for freedom. When the Czechoslovak nation declared its independence on 28th October, 1918, the German Consul General in Prague on November 2nd already informed the National Council that Germany recognised the Czechoslovak State and had no intention of taking its territory inhabited by Germans. Czechoslovakia sincerely hopes that these good neighbourly relations will be maintained also in future.

France, because of her post-war policy, acquired genuine and devoted friends in the Czechoslovak nation, and also in the other two states of the Little Entente, by always respecting the interests of smaller states and by having preserved the principles of traditional internal and international democracy. The most cordial friendship and an intimate and faithful co-operation with the French Republic will always remain the pivot of Czechoslovakia's foreign policy. Her people will never forget the fact that it was France who first unreservedly recognised Czechoslovakia's independence.

In Great Britain, Czechoslovakia esteems an old friend whose sympathetic understanding, at all times, of the Republic's vital interests was always acknowledged by our nation. Czechoslovakia well remembers that when, during the Great War, Professor (now President) Masaryk presented to the Foreign Office in London a Memorandum which appealed for the establishment of an independent Czechoslovak State, the Secretary of State for Foreign Affairs, Viscount (then Sir Edward) Grey, recognised at once—as did the other leading statesmen of England—the justice of the Czechoslovak arguments and claims.

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Since the beginning of 1933 Czechoslovakia's policy in the international sphere came closer to that of Italy than was the case before—because of Italy's too pronounced revisionistic sympathies—and in official circles of both countries genuine hope is entertained that in the future these relations might be as cordial as Czechoslovakia has always strived to have them. Our people are not forgetting the help which, during the war, Italy rendered in their liberation.

Soviet Russia has identified herself with the peace aims of Czechoslovakia, the whole Little Entente and Poland in signing, on the 4th of July, 1933, the so-called Eastern Pact in which the signatories adopted the standpoint that an aggressive warlike act as prohibited by the Kellogg Pact should be more precisely defined. An aggressor in the terms of the Eastern Pact is any state which shall declare war upon another, shall invade another's territory without a declaration of war, shall attack its land, sea or air forces without a declaration of war, shall blockade its coasts or support on its own territory irregular armed bodies designing to attack another state. This pact, in view of its clarity and the soundness with which the question of the definition of an aggressor was solved, ranks as one of the most valuable international instruments for consolidation and peace. The Little Entente, by signing the Pact, has thus again unmistakably demonstrated its devotion to peace and has shown how really constructive is its peace policy. The Eastern Pact affects altogether three hundred million people in two continents and its importance for the maintenance of peace cannot be emphasized enough; it may be said without exaggeration that from the Baltic to the Black Sea, on a front formerly threatened by the possibility of War, there is Peace. The official recognition *de jure* of Soviet Russia by Czechoslovakia and also by the other two states of the Little Entente appears now to be only a question of the near future.

Czechoslovakia has been a firm believer in the ideals of the League of Nations since its inception, and, through

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its Minister of Foreign Affairs, Dr. Benes, has always taken a prominent part in its deliberations. The Republic is definitely of the opinion that the League of Nations is a great moral force in the world and that it has done—in the face of very many difficulties—most valuable, and, in some instances, even outstanding work for mankind, and that it would be impossible for the world as a whole to be without it. Therefore, Czechoslovakia—and in fact the whole Little Entente—is determined to stand by the League, to co-operate with it whole-heartedly, to abide by its principles, and to frustrate any attempt to undermine the League. The Czechoslovak leaders have no doubt that the solution of the present European and world difficulties will not be achieved by weakening but by strengthening the League, and they believe that for this purpose nothing else is needed but the sincere good-will for peace, co-operation and solidarity of the League's members.

The communique issued after the first conference of the Permanent Council of the Little Entente held in Prague in 1933 emphasized the general trend of the policy of the Little Entente as being a policy of peace and fidelity to the principles of the Covenant, a policy which could not admit any direct or indirect diminution of the competence and functions of the League of Nations.

After having dealt, very inadequately, I am afraid, with the external relations of Czechoslovakia, may I be permitted to state, in concluding, that in spite of the many changes in the form of Governments of European states in the last few years, the Czechoslovak Nation, while adhering strictly to the principle not to interfere in any way in the internal affairs of any other country, remains one of the firmest supporters of the idea of Democracy in Europe.

Professor Lesny, of the Charles University in Prague, in his article in Number 12 of the "All People Association's Bulletin" published in London, speaking on this question,

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says: "The Czechoslovak Republic has been, and still is, despite the difficulties of the day, an island of tranquillity as it were in the midst of a disturbed sea. This is due to the fact that it has remained faithful to democracy which is so deeply rooted in the character and structure of the Czech nation, a nation which long ago lost its native nobility and by reason of its economic subjection never had an opportunity of creating a financial aristocracy, but which at the same time never created a gulf between town and country. Czechoslovakia, by its very existence, shows Europe that even under the most unfavourable conditions it is possible by following faithfully the path of democracy to surmount obstacles however great without being compelled to have recourse to the force of dictatorship. The Czechoslovak Republic is conscious of the fact that even if everywhere else around it the principles of democratic government are being abandoned, it, itself, can never give them up."

That the foregoing gives an authoritative opinion is evident also from the words of welcome spoken by President Masaryk, when, on September 7th, 1933, he received Mr. Francis White, the newly appointed United States Minister to Czechoslovakia. On that occasion President Masaryk, responding to the new Minister's address, said: "We welcome in you the representative of the oldest democracy in the world where Czechoslovakia's independence, which had an illustrious model in the famous figures of your history and in the exalted ideals of President Wilson, was born and prepared for existence. Respect for the person of President Wilson signifies for our people not merely an expression of gratitude but also a firm belief in the future of Democracy and World Peace. It is, therefore, a particular pleasure to me at this juncture that you should refer to these principles which are common to us both, to which we steadfastly adhere and which we, like yourselves, shall maintain."

—DR. RUDOLF KURAZ.

TROPICAL AUSTRALIA

By SIR JAMES BARRETT.

Interest in the curious utterance of the Dean of Canterbury (Dr. Hewlett Johnson) has died away. In view, however, of the article on the Northern Territory by Mr. Packer which appeared in the December number of the "Australian Quarterly" it may be worth while to place some of the relevant data on record.

It is generally assumed that there is a medical, or rather physiological, reason for failure to settle parts of tropical Australia. So far as investigation goes there is nothing of the kind. The failure to settle some parts of tropical Australia and the successful settlement of other portions of the tropics is solely economic.

With the kindly aid of the Commonwealth Statistician, Mr. McPhee, the facts are here set out. The note subjoined deals chiefly with that phase of the problem which does not appear to be fully understood by the general population of Great Britain or even of Australia itself.

On paper Australia is a vast country containing what appears to be a small population viz. something over six and a half million people.

Setting aside all the political difficulties implied in the Dean of Canterbury's suggestion attention may be concentrated on the essential facts. More than one third of Australia is useless although part of it at some remote geological period carried a large animal (the great marsupials) and vegetable population. At present with an enormous evaporation and a very scanty and capricious

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rainfall it is, in effect, a desert. For example when rain falls the very frogs emerge in places from the earth into which they have dug themselves as the supply of water failed. There they remain until the next rainfall. They contain special mechanisms for storing water in their bodies, a circumstance which tells its own tale in unmistakable language.

Of the remaining portion of Australia much is comparatively poor country suitable only for grazing on a large scale. The fertile, well-watered, non-mountainous area, which in the aggregate is relatively considerable in extent, is occupied and contains a steadily increasing population.

But it is the curious and apparently ineradicable belief of some people (including the Dean of Canterbury) that Anglo Saxons cannot live and thrive in a tropical country. As a matter of fact tropical Australia consists of four separate territories. (1) The coastal districts of Queensland with good soil and an abundant rainfall, (2) the western portion of Queensland suitable when droughts are absent for grazing and used fully for that purpose, (3) the Northern Territory which at Darwin has a 60 inch rainfall and which is the portion about which so many mistakes are made. The whole of the rain falls in summer and for the rest of the year it is dry. It is consequently of use principally for cattle grazing. (4) The fourth territory is the northern portion of Western Australia somewhat similar in character.

On the South Coast of Java which contains 35 million people I am informed that there are some patches similar in geological structure and in climate to the Northern Territory, and that they are relatively uninhabited. If the Northern Territory had been suitable for cultivation the Malays would have colonised it long ago.

But what is overlooked is the fact that tropical Australia in all its four divisions is the only tropical country

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in the world where not only are there practically no tropical diseases but also in which some of the diseases of temperate climates are much reduced in their incidence. What are the basic facts which support this statement? The population of Tropical Queensland has steadily risen from 140,500 in 1923 to 169,769 in 1932, i.e., an increase of about 29,000 in ten years, i.e., about 2 per cent. per annum. During the same period the population of non-tropical Australia has risen from 5,542,000 to 6,374,000, i.e., an increase of 832,000 people, i.e., about 1.5 per cent. per annum. The birth rate in tropical Australia in 1932 was 21.25 and in non-tropical Australia 16.81. The death rate in tropical Australia in 1932 was 9.41, in tropical Queensland 9.07 and in non-tropical Australia in 1932 8.65 but in the cities it was 9.07. It must be remembered that tropical Queensland contains cities. The infantile death rate in 1932 was 42.47 in the tropics and in non-tropical Australia 42.16. The metropolitan rate was 44.35 and the extra metropolitan rate was 39.74. Both the general and infantile death rates in the Northern Territory and Northern West Australia are very high but the country contains only 6,400 people and the conditions of life in this enormous area are very difficult.

The conclusion emerges that the birth rate, infantile and general death rates in tropical Queensland compare favourably with those of many non-tropical countries, are better than those of metropolitan non-tropical Australia, and are little if at all inferior to those of Australia as a whole especially when the conditions of life are taken into account.

The physique of the men from tropical Queensland who served during the Great War was excellent. If tropical Australia had an indigenous infected population it would be in all probability scourged with tropical diseases. The Mandated Territories do contain such a population, infected chiefly with malaria, and the return to Australia of invalids does involve some risk but the problem is under observation and so far nothing serious has eventuated.

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Such are the facts. Australia will carry a larger population though careful estimates place it at a fraction of that of U.S.A. But the suggestion that the portions unoccupied by Australians can be developed by some other race will not bear even a cursory examination by those numerous and capable experts who have given so much time and knowledge to this problem. Of course it might if they adopted a different economic system but that is not the issue. If the Dean of Canterbury were to visit Australia the essential nature of the difficulty would overwhelm him in a few weeks.

Every thoughtful Australian must admit that the policy of economic nationalism and State socialism is preventing more rapid development. But unhappily most other countries seem similarly afflicted. In Australia, I am glad to say, there are signs of reaction and return to a broader policy such as the development of the Northern Territory by private enterprise. It is often forgotten that it carries about 60,000 nomadic aborigines and about 16,000 half-castes who are increasing and who are useful people when employed in the raising of stock, etc. But these people receive in many instances support from missions. The Dean of Canterbury has, however, rendered Australia a service since he has roused a lethargic Commonwealth Government to endeavour to put the Northern Territory and northern West Australia to such use as it is fit for. It may become a source of considerable wealth, chiefly by cattle raising, but so far as man can tell it will never carry a large population. Tropical Queensland does carry a fairly large and vigorous population which will almost certainly continue to increase. Whatever be the causes of the failure to use tropical Northern Territory and Northern West Australia it is certain that it is not the effect of the climate on Anglo Saxons.

The data on the subject of the vital statistics of Tropical Australia have only been made available recently. In view of a controversy in which I have been involved in

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London for several years relating to this unique Problem I now set out the substance of the information even at the risk of a little repetition:—

TABLE 1.

TROPICAL AUSTRALIA.

YEAR	Queensland (Tropical)	Northern Territory	Western Australia (Tropical)	TOTAL
POPULATION (MEAN)				
1923	140,500	3,610	2,786	146,896
1924	144,410	3,603	2,696	150,709
1925	149,000	3,681	2,577	155,258
1926	153,190	3,765	2,437	159,392
1927	156,100	4,234	2,310	162,644
1928	159,120	4,207	2,197	165,524
1929	161,880	4,178	2,057	168,115
1930	164,600	4,650	1,950	171,200
1931	168,029	4,592	1,936	174,557
1932	169,769	4,511	1,901	176,181

When it is recollected that £17,000,000 have been spent on the Northern Territory the scanty population is illuminating as is the diminishing population of Tropical West Australia. Table 2 shows the relatively high birth rate in Tropical Australia.

TABLE 2.

TROPICAL AUSTRALIA.

YEAR	Queensland (Tropical)	Northern Territory	Western Australia (Tropical)	TOTAL
BIRTH RATE (A)				
1923	26.60	19.94	14.72	26.22
1924	24.84	15.82	11.13	24.38
1925	26.14	17.66	9.32	25.66
1926	26.05	19.39	13.95	25.71
1927	25.11	16.06	13.42	24.72
1928	25.50	19.73	20.94	25.29
1929	23.31	12.69	30.63	23.13
1930	23.88	15.27	26.66	23.68
1931	22.22	15.68	17.56	22.00
1932	21.34	17.51	22.62	21.25

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Table 3 indicates the favourable death rate in Tropical Queensland which contains several cities and the high death rate in the very sparsely populated Northern Territory and Tropical West Australia.

TABLE 3.

TROPICAL AUSTRALIA.

YEAR	Queensland (Tropical)	Northern Territory	Western Australia (Tropical)	TOTAL
DEATH RATE (A)				
1923	10.56	10.53	22.25	10.78
1924	9.92	12.21	19.66	10.15
1925	9.56	16.84	23.28	9.96
1926	10.51	17.00	22.16	10.84
1927	9.85	17.95	22.51	10.24
1928	10.23	16.88	22.30	10.56
1929	9.86	15.56	29.17	10.23
1930	9.13	16.56	22.05	9.48
1931	8.93	15.24	18.59	9.20
1932	9.07	16.18	23.15	9.41

Table 4 shows similarly the very low infantile death rate on Tropical Queensland.

TABLE 4.

TROPICAL AUSTRALIA.

YEAR	Queensland (Tropical)	Northern Territory	Western Australia (Tropical)	TOTAL
INFANTILE DEATH RATE (B)				
1923	50.56	13.89	48.79	49.86
1924	49.36	35.09	100.00	49.54
1925	41.10	30.77	166.67	41.67
1926	53.62	68.49	88.24	54.19
1927	47.20	102.94	129.07	48.76
1928	46.59	60.24	21.74	46.58
1929	46.64	18.87	95.22	47.06
1930	42.75	70.42	—	42.68
1931	37.50	83.33	29.42	38.27
1932	41.67	75.95	46.52	42.47

Table 5 gives the corresponding figures for non-tropical Australia and shows that Tropical Queensland has a much

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higher birth rate, about the same infantile death rate, and a slightly higher death rate than the rest of Australia but the same death rate as Metropolitan Non-tropical Australia.

TABLE 5.
ALL AUSTRALIA

YEAR	Queensland	Metro- politan	Extra Metro- politan	All Australia	Non- Tropical Australia
POPULATION (MEAN)					
1923	802,748	—	—	5,688,903	5,542,007
1924	825,151	—	—	5,806,390	5,655,981
1925	851,419	—	—	5,931,184	5,775,926
1926	875,187	—	—	6,047,111	5,887,719
1927	891,908	2,929,007	3,240,636	6,169,643	6,006,999
1928	909,141	3,016,804	3,269,298	6,286,094	6,120,570
1929	924,864	3,123,904	3,250,273	6,374,177	6,206,062
1930	940,455	3,192,414	3,250,163	6,442,577	6,271,377
1931	957,559	3,213,184	3,287,550	6,500,734	6,326,177
1932	970,855	3,245,520	3,304,739	6,550,259	6,374,078
BIRTH RATE (A)					
1923	24.89	—	—	23.77	23.71
1924	23.87	—	—	23.24	23.20
1925	23.82	—	—	22.89	22.82
1926	22.58	—	—	22.02	21.92
1927	22.24	19.22	23.89	21.67	21.59
1928	21.76	18.70	23.76	21.33	21.22
1929	19.99	17.96	22.57	20.31	20.24
1930	20.14	17.32	22.49	19.93	19.83
1931	18.62	15.19	21.20	18.23	18.12
1932	17.89	13.58	20.23	16.94	16.81
DEATH RATE (A)					
1923	9.83	—	—	9.89	9.86
1924	8.88	—	—	9.47	9.45
1925	8.86	—	—	9.20	9.18
1926	9.39	—	—	9.42	9.38
1927	9.06	10.13	8.83	9.45	9.42
1928	8.77	9.95	8.98	9.45	9.42
1929	8.98	10.29	8.84	9.55	9.53
1930	7.93	9.16	8.02	8.59	8.56
1931	7.86	9.31	8.10	8.70	8.68
1932	8.05	9.07	8.27	8.66	8.65
INFANTILE DEATH RATE (B)					
1923	53.95	—	—	60.52	60.84
1924	51.30	—	—	57.08	57.29
1925	45.21	—	—	53.40	53.75
1926	50.65	—	—	53.99	54.00
1927	54.45	59.36	50.77	54.47	54.66
1928	45.54	53.10	52.86	52.96	53.18
1929	46.03	53.79	49.04	51.10	51.23
1930	39.97	50.08	45.09	47.24	47.39
1931	36.67	45.45	39.82	42.14	42.27
1932	40.19	44.35	39.74	41.30	42.16

(a) Per 1000 of Mean Population.

(b) Infantile Deaths per 1000 births.

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Table 6 gives the corresponding figures for Australia as a whole divided into metropolitan and extra metropolitan.

TABLE 6.

AUSTRALIA METROPOLITAN AND OTHER		
YEAR	Metropolitan	Other
	BIRTH RATES (A)	
1927	19.22	23.89
1928	18.70	23.76
1929	17.96	22.57
1930	17.32	22.49
1931	15.19	21.20
1932	13.58	20.23
	DEATH RATES (A)	
1927	10.13	8.83
1928	9.95	8.98
1929	10.29	8.84
1930	9.16	8.02
1931	9.31	8.10
1932	9.07	8.27
	INFANTILE DEATH RATES (B)	
1927	59.36	50.77
1928	53.10	52.86
1929	53.79	49.04
1930	50.08	45.09
1931	45.45	39.82
1932	44.35	39.74

(a) Per 1000 Mean Population.

(b) Infantile Deaths per 1000 births.

A survey of these figures leads to the conclusion that when the conditions of life in Tropical Queensland are realised the favourable result is remarkable.

As pointed out the general and infantile death rate in the Northern Territory and Tropical Western Australia are very high but as the total population in this vast area is only 6,400 and the conditions of life extraordinary they are of little significance. So far as I am aware no other tropical country can show anything like the same results as Tropical Queensland but in practically all the other

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tropical countries there is a vast indigenous and infected population.

Finally, as physiologists have so often pointed out, the coloured man working in the tropics has no physiological advantage over the white man as the bodily processes are the same in both cases. But the coloured man whilst at work shows greater wisdom and discards his clothes and consequently greatly aids the adjustment of his bodily temperature. In the Malay States I have seen colored men working nearly nude and when the day's work was over I have seen them neatly and lightly dressed sitting with their families resting after a heavy day.

Little attention has been paid to the fact that about 60,000 aborigines and 18,000 half castes live in Tropical Australia. To my knowledge the half castes are in instances capable people and I am informed that some of the indigenous natives are useful in connection with stock.

It seems to me to be inevitable that sooner or later they will become absorbed into the general population and may play a useful part in certain occupations. The suggestion may be unpalatable to some people but the existence of an increasing population of 18,000 half castes cannot be ignored.

The economic side of the development of the Northern Territory coupled with the provision of elementary social amenities for the aborigines who are employed is not the business of this essay which has been written for the purpose of indicating that the difficulties are not due to the influence of climate on Anglo Saxons.

—JAMES BARRETT.

THE FUNDING OF TREASURY BILLS

By BYSTANDER.

Discussions about the funding of Treasury bills in Australia have been much clouded by slovenly thoughts centering around the economic doctrine commonly known as the Quantity Theory of Money. The phrase deludes people into the belief that there is some mathematical relation between the quantity of money and the price level. Thus we read about Treasury bills providing a kind of "slow motion inflation", and also of "the beneficial effects of inflation during a depression". Yet England, France and U.S.A. before March, 1933, all increased the credit base without raising prices. An increase in the quantity of money is of no value unless people want to use it, i.e. unless producers have sufficient confidence in a trade revival to expand their output and employ more people, thereby increasing future expenditure on goods and services. Mr. J. M. Keynes, writing on this subject in the London "Times" says:—

"A further fallacy of thought, of which one detects the influence, is due to a crude economic doctrine commonly known as the Quantity Theory of Money. Rising output and rising incomes will suffer a setback sooner or later if the quantity of money is rigidly fixed. Some people seem to infer from this that output and income can be raised by increasing the quantity of money. But this is like trying to get fat by buying a larger belt. In the United States to-day the belt is plenty big enough for the belly. It is a most misleading thing to stress the quantity of money which is only a limiting factor, rather than the volume of expenditure, which is the operative factor."

In Australia, as in the United States, the belt is plenty big enough. We have been increasing the quantity of

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money at a time when the price level was falling, until with price levels down 20% we have to-day more money than we had in 1929. The quantity of money could with advantage now be reduced a little without increasing interest rates, or exercising any depressing influence upon price levels or activity.

Though prices have not fallen in Australia nearly as much as they have in other countries, everyone will agree that higher prices are a matter of urgent necessity. Still it is a matter of consequence how prices are raised and what prices are raised. I have no doubt that if a Government creates ever increasing quantities of money there will at some stage come a panic flight from the currency. But this is not what we want. The method of raising prices and the distribution of this increase amongst various commodities are factors of greater importance than the rise itself. Thus to quote Mr. J. M. Keynes again:—

“Too much emphasis on the remedial value of a higher price-level as an object in itself may lead to serious misapprehension as to the part which prices can play in the technique of recovery.”

There can be no doubt that Treasury bill finance was of the greatest possible value to Governments during the critical phases of the depression. Long-term loans were impracticable between November, 1930, and November, 1932. Treasury bills enabled Governments to carry on a certain amount of loan expenditure and made the Premiers' Plan possible. It will be remembered that this plan aimed at reducing Federal and State deficits to manageable proportions but left the final balancing of budgets to less difficult times. Treasury bills financed the deficits. Had the Governments been forced to balance their budgets immediately they could have done so only by default, plunging Australian finance into chaos. Apart from the dislocations and hysteria so caused, the further reduction in Government expenditure would by itself have had a depressing effect upon business activity.

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It should not, however, be imagined that such finance is essential or necessarily helpful in a depression. It was unavoidable in the recent depression because long-term loans were impracticable. Treasury bills also provided Governments with a cheap method of borrowing temporarily when short-term rates of interest were low. Otherwise they gave no service which could not be better performed by long-term loans combined with open market operations of central banks. The easing of credit, which was a feature of Treasury bill finance in Australia, can be brought about more easily and more safely by the purchase of Government securities by the Central Bank so long as confidence in these securities is not destroyed by political action.

TREASURY BILLS AND THE BANKS.

If we are to follow the effects of funding Treasury bills we must have some understanding of what happened when they were discounted. Treasury bills were first discounted mainly by the Central Bank. The money thus placed at the disposal of the Government soon found its way as deposits (mainly interest-bearing) to the trading banks. Thus the deposits (liabilities) and the cash reserves of the trading banks were increased by the amount of Treasury bills discounted by the Central Bank. Later the trading banks themselves discounted Treasury bills, and thus replaced their inflated cash reserves by interest-earning Treasury bills.

Treasury bill finance was for a time as attractive to trading banks as it was to Governments. Trade was stagnant, traders, manufacturers and primary producers were reducing their overdrafts. Banks found Treasury bills a convenient means of investing the funds so set free. The financing of Government deficits, too, was swelling their cash reserves in the way described above. Treasury bills provided a convenient means of investing these non-interest-bearing resources. They had the additional advantage of being perfectly liquid. The banks knew that, if at any time

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they required cash, Treasury bills could be re-discounted with the Central Bank. As a second line reserve they were better than cash, for they earned interest, and could, if the necessity arose, be immediately turned into cash.

The increase in deposits and cash reserves of the trading banks caused by the issue of Treasury bills was of the greatest service to them. The export of gold from Australia, and the fall in the overseas funds of the Australian banks, were accompanied by the usual shrinkage in cash reserves and deposits, threatening a severe stringency of credit, and, perhaps, a banking crisis. The issue of Treasury bills restored the cash ratios of the banks and even increased them for a time above pre-depression levels.

It is clear enough that by increasing the cash reserves and deposits of the trading banks the issue of Treasury bills placed them in a comfortably liquid position. The banks, however, are disposed to look on Treasury bills as a means for the investment of increased reserves of cash. They tend to overlook the fact that it was the issue of Treasury bills which gave them these non-interest earning cash resources. True, while the banks were receiving high rates of interest on Treasury bills the process was probably profitable to them because they received a rate on their Treasury bill holdings sufficient to compensate them for the interest they paid on their increased deposits. But since rates of interest on Treasury bills have been reduced there is probably no profit to the banks in holding Treasury bills as an investment of inflated deposits.

The general popularity of Treasury bills in Australia can be easily explained. Governments welcomed them as the only means of financing necessary expenditure. Trading banks liked them because they provided a means for the liquid investment of non-interest-bearing assets. They were popular with the public because the maintenance of Government expenditure was a support to current purchasing power. Except in its effect on general confidence, however, Treasury bill finance does not differ in any essential

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from an increase in the note issue. While Treasury bills were of great assistance to Australia during the acute phases of the depression, there can be no doubt that this method carried too far would result in uncontrolled inflation.

TREASURY BILLS PREVENT ORDERLY CONTROL OF CREDIT.

The increase in Treasury bills during the depression is shown in the the following table:—

Date	Amount Outstanding £'000 Omitted
1929 Dec. 31st	2,500
1930 Dec. 31st	9,000
1931 Dec. 31st	39,760
1932 Dec. 31st	50,845
1933 Dec. 31st	50,820*

*Exclusive of bills temporarily retired from the proceeds of loans.

It will be seen from the above table that the funding of Treasury bills in Australia during 1933, about which there was so much dispute, has not caused any reduction in the size of the floating debt. It has only prevented the floating debt from increasing, that is to say, it has only sufficed to meet current deficits of Governments.

Comparisons have often been made between the volume of Treasury bills in Australia and in London. These are really irrelevant. What we need to know is the volume of Treasury bills the market in Australia can hold, not only in the event of a panic, but also in times of strain and in times when there are other attractive investments offering. For the moment Treasury bills in Australia are held only by the banks; until an open market is established we must confine our consideration to the volume we can expect them to hold.

The possibility of the trading banks suddenly demanding cash in exchange for Treasury bills may not be a mat-

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ter of concern, but we must not be unmindful of the fact that a large volume of Treasury bills in times of strain is a menace to an orderly control of the currency. The Board of the Commonwealth Bank has been entrusted by Parliament with the management of the currency, and is expected to regulate credit in such a way that booms and depressions will be mitigated and financial strains avoided.

The large volume of Treasury bills in England during the last fifteen years made it difficult for the Bank of England to control the supply of the basis of credit. This was one of the reasons why Britain was finally forced to abandon the gold standard. Similarly the maintenance of the present volume of Treasury bills in Australia would make our financial system so weak and unco-ordinated that it might not be able to meet a shock when it arrives. Apart from this general vulnerability of our financial system, it is always well to be able to use Treasury bills in an emergency. But it is much more dangerous and expensive to use them to finance Governments when there is already a large volume outstanding than when they have been reduced to small proportions.

CHECKING A BOOM.

In a report made in September, 1933, the Macmillan Commission, appointed to consider the advisability of establishing a central banking institution in Canada, set out the following as part of the functions of a central bank:—

“In the first place, from a national point of view, the central bank, within the limits imposed by law and by its capacities, should endeavour to regulate credit and currency in the best interests of the economic life of the nation and should so far as possible control and defend the external value of the national monetary unit. In the second place, from the international point of view, the central bank by wise and timely co-operation with similar institutions in other countries, should seek, so far as may lie within the scope of monetary action to mitigate by its influence fluctuations in the general level of economic activity.”

The Funding of Treasury Bills

It seems that the only hopeful way of avoiding depression is to prevent the preceding booms. Central banks try to do this by restricting the supply of credit when it is being used for unwise ventures which distort the national economy and force up securities and land values in a way which cannot be permanently maintained. Any attempt by the Central Bank in Australia to prevent a boom of this kind could be immediately countered by a re-discounting of Treasury bills on the part of the trading banks who would thus provide themselves with the cash that the Central Bank refused to supply. The difficulties of the Central Bank in regulating credit are increased because of the absence of an open market in Australia. Treasury bills, when re-discounted with the Central Bank by the trading banks, become frozen assets. While they are the most liquid assets the trading banks can hold, they are one of the least liquid assets the Central Bank can hold.

So long as the volume of Treasury bills in Australia remains as large as it is at present it is difficult to see how the Commonwealth Bank can regulate credit effectively with the object of mitigating fluctuations in the general level of economic activity. We should have to rely as, indeed, we have in the past, upon the trading banks to do this. They might manage this task well. Most countries, however, have created central banks with the very object of removing from the hands of private institutions a power which they may be urged by competition, or by the desire for profits, to use in a manner which at times is not in the public interest.

In September, 1933, trading banks in Australia held a reserve of cash against total deposits of about 15%. In addition they held about £30,000,000 of Treasury bills which they can convert into cash at any time by re-discounting them with the Central Bank. They are, then, as good as cash to the trading banks. If these Treasury bills be added to the cash reserves of the banks the ratio of cash to total deposits is increased to 26% while the ratio of cash

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to deposits not bearing interest is about 82%. In former years the banks were satisfied with cash reserves of 19% or 20% against total deposits, and about 45% against call deposits. During the period of strain in 1929 these ratios fell to 15.5% and 43.8% respectively. In addition to their reserves of cash and Treasury bills the banks are accustomed to regard their funds in London as reserves so liquid that they are nearly equivalent to cash. We have no accurate statistics of London funds, but if they were added to the liquid reserves of the banks in Australia, their position to-day, owing to the heavy fall in London funds in recent years, would not be very much more liquid than before the depression.

London funds, however, are increasing and must be built up much further if we are to restore our overseas position to its strength before the depression. With this addition to their easily realisable assets the position of the Australian banks would be much more liquid than would be either necessary or profitable. Thus a consideration of banking statistics forces one to the conclusion that some immediate funding of Treasury bills is desirable, and that there should be further funding operations in Australia as London funds accumulate.

It has sometimes been argued that the Central Bank has another instrument at its disposal to mitigate economic fluctuations. By reducing or increasing the exchange rate it could reduce or increase the demand for credit. It is comparatively easy to increase the rate of exchange; it is not so simple to reduce it. It might happen that it would not be practicable to lower the rate at a time when it became desirable to contract credit. A reduction in the rate of exchange could not be made irrespective of many economic factors. Politics, too, might play a part. These factors might not permit a reduction to be made when boom conditions developed. Indeed, unless credit could be simultaneously contracted by other means, large accumulations

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of funds in London would be necessary to hold the reduced rate.

The principal danger of Treasury bills arises from their volume which, in certain circumstances, makes possible an unhealthy expansion in business. It has been argued that the most sensible thing, therefore, is to fund them when a trade revival is well under way. A real inflationary boom could not, of course, be checked by such means. Fear of inflation would, in such circumstances, make funding impossible. If we optimistically ignore this danger, we should find that the postponement of funding to a period of trade activity would prove very expensive to Governments. They would be required to fund at a time when rates of interest were high, instead of at a time like the present when the conditions are as favourable as they are ever likely to be. The funding, too, would have to be carried out by the Loan Council. This means that, in effect, the Loan Council would decide when a restriction of credit was desirable. This would not only involve political control of currency and banking, but would place the control in the hands of a body composed of representatives of Governments with conflicting views and different policies. Any programme of expansion or contraction of credit would, in these circumstances, be carried out with the utmost publicity and in the full blast of political controversy. Thus the maintenance of the present large volume of Treasury bills might remove the control of currency from the Commonwealth Bank Board and place it, primarily in the hands of the trading banks, and secondarily in the hands of the Loan Council. The Commonwealth Bank Board might become a spectator at a game of credit played between banks competing for custom and politicians competing for votes.

THE EFFECT ON BUDGETS OF FUNDING THE FLOATING DEBT.

The advantages to Governments of low rates of interest on Treasury bills are often urged in their favour. This is

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a dubious argument. Treasury bills in England, at times, yielded higher rates of interest than long term Government securities. Treasury bills bore a high rate when originally issued in Australia. There is every reason to suppose that, if they are left at their present volume, the rate of interest on them will rise above the rate on long term securities when the demand for Treasury bills recedes with improving business conditions. Banks will want to invest their money in more profitable investments, more particularly in advances which secure for them customers who bring miscellaneous business in addition to interest on advances. They will not be prepared to keep their money tied up in Treasury bills unless Governments offer high rates of interest. Governments would then probably find that the rate of interest on long term securities had increased, and funding operations become expensive.

There is some ground for believing that the long term market for gilt-edged securities is now in as favourable condition for funding as it is ever likely to be. If Australian Governments fund Treasury bills at the present comparatively low rates of interest on long term securities, they will, over a period of years, probably finance themselves more cheaply than if they expose themselves to the variable rate on Treasury bills. Postponement might impose heavy burdens on the budgets at inconvenient moments. Admitting that by funding some immediate additional burden is thrown on to budgets through increased charges for interest and sinking fund, this should be faced in the national interests. It is the sounder financial course and possibly the cheaper in the long run.

Within a few years large amounts of the internal debt will have to be converted. It may be essential to economical operations at that time for the Central Bank to have a strong control of the market and to be able to ease or tighten credit as it considers desirable. A large volume of Treasury bills at such a time would prove embarrassing,

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particularly if circumstances made it necessary to fund Treasury bills as well as to convert large maturing obligations.

FUNDING IS NOT DEFLATIONARY.

There are two arguments often urged against the funding of Treasury bills which deserve some attention. One is that the funding of Treasury bills would reduce the earnings of the trading banks and make it more difficult for them to reduce interest on their advances and so stimulate business recovery. The other is that the funding of Treasury bills is deflationary in the sense that it would tighten credit and tend to reduce prices. Both of these arguments are plausible but are nevertheless without substance. As regards the first, an obvious comment is that if funding is otherwise desirable, we should not refrain merely to enable the Governments to subsidise a reduction in interest rates. Apart from this we have already shown that the increase in Treasury bills held by the banks was accompanied by an increase in their deposits bearing interest. In recent months the rate of interest they earned on Treasury bills was probably not more than sufficient to cover the rate of interest they had to pay on increased deposits. Funding would reduce both the volume of Treasury bills held by the banks and their deposits—ultimately their interest bearing deposits. Thus the banks would lose interest on a proportion of the Treasury bills funded, but be relieved of the obligation of paying interest on deposits.

The present rates for fixed deposits vary from 2% on deposits of three months' currency to 3% on twenty-four months' deposits. By far the greatest proportion of deposits are of twelve months to twenty-four months' currency. The average rate at present paid may be estimated at about 3%, and should drop to $2\frac{3}{4}$ % about August, 1934.

The rate of interest at present earned on Treasury bills is $2\frac{1}{2}$ %. It is unlikely, therefore, that the net earnings of banks would be reduced by a funding loan. There

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seems to be little room for fallacy in this argument, but even if it proved to be wrong it is highly doubtful if funding would retard recovery. The reduced profits of the trading banks would not diminish their present incentives to release money for ordinary trading purposes; for they must be always striving so to spread their investments as to get an income which will cover their deposit rates, their expenses, and their normal dividend.

The funding of the floating debt would not have deflationary effects unless it reduced call deposits or reduced liquid reserves of the banks to such an extent that they would be forced to restrict advances. The funding of Treasury bills would not reduce their cash reserves. It would immediately reduce their holding of Treasury bills, and their deposits. Temporarily their call deposits would be reduced, but ultimately most, if not all, of the reduction would be in time deposits. As a result of the funding cash ratios would be increased. It is true that the banks regard Treasury bills themselves as cash, and that the ratio of cash and Treasury bills to deposits would be reduced by funding. But substantial funding would be possible without these now much inflated ratios being reduced to a point where they could conceivably have any effect in forcing banks to restrict advances. The relevant statistics are given above. The funding of Treasury bills would not, therefore, embarrass the trading banks by reducing their net earnings, delay the process of reducing interest on advances, nor bring about deflation by reducing call deposits or by forcing the banks to restrict credit.

If the amount of funding were too large it might prevent Governments from securing enough money at the present low rates to finance useful public works. There is as yet no indication that the supply of savings is insufficient to permit prudent funding operations and at the same time provide Governments with all the money they can spend with benefit to the community.

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SUMMARY.

The arguments in favour of reducing Treasury bills to a volume which can be easily handled by the Commonwealth Bank may be summarised as follows:—

1. Because there is no market outside the trading banks, Treasury bills are a frozen asset in the possession of the Commonwealth Bank. Thus the Commonwealth Bank might be embarrassed at any time of crisis by the re-discounting of Treasury bills.

2. Treasury bills were created and served a definite purpose at a time of crisis. It would be extremely valuable to have this power in reserve again.

3. Funding would not reduce the profits of the trading banks. While there can be little doubt about the correctness of this conclusion, funding would do no harm even if the conclusion were wrong. A reduction in the profits of the trading banks would not reduce their present incentives to release money for ordinary trading purposes.

4. A growing volume of Treasury bills differs very little in essentials from an increasing note issue. If carried too far it would result in uncontrolled inflation. It is perhaps a disadvantage that its effects are not popularly understood and it is not controlled by popular opinion as an expanding note issue would be. It can act as an insidious poison to the body politic.

5. The existence of a volume of Treasury bills as large as we have now in Australia, makes difficult, if not impossible, the orderly regulation of credit by the Commonwealth Bank so as to avoid financial strains and to mitigate fluctuations in the general level of economic activity.

6. Prudent funding of Treasury bills would not be deflationary in the sense that it would tighten credit or tend to reduce prices.

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7. In more prosperous times, when the banks can find profitable investments for their funds, high rates would have to be paid on Treasury bills if the volume were large. This method of finance would then become expensive. The present rate of interest on long term loans is very low. It would be short sighted finance to miss this opportunity of funding at favorable rates.

—BYSTANDER.

TARIFF BOARD REPORTS, 1933

By D. A. S. CAMPBELL.

On April 13, 1933, the Australian Tariff Board completed its report and recommendations on the adjustment of protective duties to compensate for the effects of exchange and primage. The report was not ordered to be printed until October 4, 1933, although it had then been in the hands of the Government for some months. Nearly the whole of the debates on the revised tariff schedules had been completed in the House of Representatives without members generally being aware of what the report contained and, eventually, in the Senate the Government, apparently as the result of a strong protest by Senator Hardy, agreed that the third reading of the bills incorporating the revised customs duties should not be taken until the report regarding the exchange was made available to members. The Government have been criticised, not without reason, for the delay in adopting the recommendations of the Board and in publishing the report. It is true that in some respects the report broke new ground in tariff making in Australia, but only in the direction of the attainment of as logical and orderly a system of protection as is possible, a policy to which the present Federal Government are pledged. The Tariff Board as a result of hearing evidence which it described as being as divergent as the interests represented came to the conclusion that a case had been made out for the adjustment of protective duties on account of the effects of the adverse exchange on a general policy of protection and recommended that "A deduction shall be made from the duty payable on one or other of the amounts calculated as hereunder set out whichever is the smaller, viz:

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- (a) One-fourth of the duty that would be payable at the rates listed under the British Preferential Tariff, or
- (b) $12\frac{1}{2}$ per cent. of the value for duty. This recommendation is to apply to goods from any country the currency of which on the date of shipment of the goods is (a) British sterling; (b) appreciated relative to sterling; (c) nominally on a sterling basis."

In the latter case it was suggested by the Board that, to allow for slight fluctuations due to clearing house conditions, a margin of .5 per cent. might be allowed. This adjustment was calculated to meet present conditions, viz., the stabilisation of the rate of exchange at 25 per cent. The Board considered that a variation in the rate of 5 per cent. either way would not affect the applicability of the above recommendations, but recommended that in the event of the rate of exchange London-Australia receding (that is improving) to a figure below 20 per cent. but not lower than $12\frac{1}{2}$ per cent. the adjustment of duties on account of the exchange should be half of what was recommended to meet existing conditions, i.e., $\frac{1}{2}$ of the duty payable or $6\frac{1}{4}$ per cent. of the value for duty whichever is the less amount. So far as imports from countries whose currencies are between sterling and Australia are concerned the Board recommended no adjustment of duties on account of the exchange effects. With regard to imports from countries whose currencies are depreciated relative to Australian currency the Board advised the imposition of a special exchange duty. Although the Industries Preservation Act could be invoked in the case of importations from a country with a depreciated currency the Board considered it just and logical that a general corrective should be applied to goods from countries with currencies depreciated relative to Australian currency and suggested the following formula to be applied in such cases, viz.,
A—B

where A represents the nominal par value in sterling

B

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of a unit of the currency of the country of the origin of the goods and B the value in Australian currency of the same unit at date of shipment of the goods. The following examples of the application of this formula illustrate some of the effects of the Board's recommendation.

Example 1.

Importations from Japan the value for duty of which is £100.

1 yen at par = 24.58d. in sterling = A

1 yen at date of export (21/9/33) = 17.375d. in Australian currency (direct quote) = B

From A (24.58d.) deduct B (17.375d.), divide the result (7.205d.) by B (17.375d.) and multiply by the value for duty (£100) e.g.—

$$\begin{array}{rcl} 24.58d. - 17.375d. \times \text{£}100 & \frac{7.205d. \times 100}{17.375d.} & \text{£}41/9/4 \\ & = & \text{which represents the special exchange duty.} \end{array}$$

Example 2.

Importations from Greece the value for duty of which is £100.

Par rate = 375 drachmae to £1.

1 drachma = .64d. in sterling = A

Rate at date of exportation

(21/9/33) = 448 drachmae to £A

1 drachma = .53⁴/₇d. in Australian currency = B

From A (.64d.) deduct B (.53⁴/₇d.), divide the result (.10³/₇d.) by B (.53⁴/₇d.) and multiply by the value for duty (£100) e.g.—

$$\begin{array}{rcl} .64d. - .53^4/7d. \times \text{£}100 & \frac{.10^3/7d. \times \text{£}100}{.53^4/7d.} & \text{£}19/9/4 \\ & = & \text{which represents the special exchange duty.} \end{array}$$

The Board recommended in regard to primage that this impost should be removed from protective items in the Tariff Schedules as soon as revenue considerations permit and drew attention to its recommendation regarding primage dated August 5, 1932. Under Article XIV of the

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Ottawa Agreement the Government are bound to act in the manner suggested by the Board in regard to primage.

So much for the Board's recommendations. Before considering them in the light of the evidence submitted and of general fiscal policy it might be desirable to indicate briefly the extent to which they have been adopted by the Government. The Customs Tariff (Exchange Adjustment) Act, which operated as from October 5, 1933, gives partial effect to the first and second of the Board's proposals. The adjustment on account of exchange is to apply to protective duties payable on goods which are admissible under the British Preferential Tariff (there are roughly about 580 items affected by this decision), and is to be:—

(a) one-fourth of the amount of duty, or

(b) $12\frac{1}{2}$ per cent. of the value for duty,

whichever is the less, whenever at the date of exportation of any such goods Australian currency is depreciated to the extent of not less than $16\frac{2}{3}$ per cent. in relation to the currency of the British country from which those goods are imported. These adjustments are to be halved should Australian currency be depreciated less than $16\frac{2}{3}$ per cent., but not less than $11\frac{1}{2}$ per cent. The apparent difference between the actual proposals of the Government and the Board's recommendations regarding the extent of the exchange variation allowed for and provided for is due to the different methods adopted to express the exchange position as between London and Australia.

The Government took no action in regard to importations from countries whose currencies are between sterling and Australian and adopted the Board's formula for a special exchange duty on goods imported from countries whose currencies are depreciated relative to Australian by passing the Customs Tariff (Industries Preservation) Act Amendment 1933. The application of this special exchange

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duty is, however, not automatic but is dependent upon the Minister being satisfied after an enquiry that by reason of depreciated currency goods have been or are sold to an importer at prices which will be detrimental to an Australian industry. It will be noted therefore that the Government after considerable reflection adopted the Board's report except that the adjustment of protective duties on account of exchange was applied only to goods admissible under the protective duties of the British Preferential Tariff. It is difficult to account for the limitation except on the ground that by limiting the adjustment of duties to protective items in the British Preferential Tariff the Government thereby gave effect to the policy of extending preference to British goods wherever possible. The Ministry evidently preferred to extend this preference without a general lowering of the tariff wall. The loss in revenue would not have been important had the Government decided to apply fully the Board's recommendations for it was calculated that the loss of revenue due to the adjustment of duties on goods imported from the United Kingdom would amount to about £450,000 whilst the loss on goods imported from countries other than the United Kingdom would be about £165,000, making a total initial loss on revenue account of £615,000. Against that amount various set-offs have to be taken into consideration which would make the total net loss, both in the opinion of the Board and of Professor Giblin, not exceed £500,000. The Minister when introducing the government's proposals estimated the loss of revenue at £300,000.

As is frequently the case in such enquiries the evidence submitted by interested and professional opinion appears to be more revealing than the report itself. The weight of evidence was definitely in favour of some adjustment of duties to compensate for the protective effects of the exchange. The Manufacturers were the only dissentients but their evidence was not convincing and rambled over such questions as finance, the wool inquiry and the tariff, and the details of loan expenditure, which had little

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if anything to do with the question at issue. The main part of the case for adjustment was presented by Mr. R. D. Westmore, who appeared for a number of organisations in New South Wales, and Mr. S. F. Ferguson, the Federal Secretary of the Australian Association of British Manufacturers, Melbourne. The Board appears to have been impressed by Mr. Ferguson's submissions and adopted some of his proposals in principle. He suggested that the proportional reduction of duties should be one-third on account of exchange so far as protective items in the British Preferential Tariff were concerned, but the Board after reviewing a large number of cases was satisfied that a reduction of one-fourth of the duty was reasonable and also added another recommendation in order to cover duties of a specific or of a composite specific and ad valorem character to which the one-fourth reduction of duties would not equitably apply. Mr. R. D. Westmore suggested that reduction of duties should be determined after ascertaining the proportion of exchange affected materials used by the local manufacturer. The Board rejected this principle of applying an adjustment on the ground that it was too involved. Such an attitude was probably justified because the terms of the Board's reference made clear the fact that the Government wanted any method recommended to be (a) readily understood by importers; (b) easy of application in the preparation of customs entries by importers and (c) free from administration difficulties. Nevertheless, the evidence prepared by Mr. Westmore appeared to be logical and germane to at least a thorough understanding of the difficulties of the problem and no doubt it was of considerable assistance to the Board in arriving at a decision as to the proportional reduction that was fair and reasonably accurate in the circumstances. The Board took a rough and ready, yet practical, view of the situation. Undoubtedly one effect of an average adjustment as proposed and adopted may be to over-protect some industries and under-protect others; but the dangers either way are not likely to be great and may well be outweighed by the absence of any complexity in the preparation of

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returns which would seem to have been inevitable had Mr. Westmore's proposals been adopted. Mr. H. Gordon Bennett, on behalf of the New South Wales Chamber of Manufactures, put forward a very comprehensive, but not particularly cogent, case against the interference with duties on account of exchange protection. A good deal of his evidence consisted of propaganda that had very little bearing on the question before the Board. He pointed out, what was generally admitted by others giving evidence, that the exchange does impose costs on the manufacturing industries and of course on all industry, but he appeared to assume, which was necessary for the success of his argument, that such costs equalled the exchange protection. Such an assumption could not be proved by himself or anyone else for, as Mr. Westmore pointed out in some detail and Professor Giblin more generally, the costs imposed by the exchange were on the whole not equal to, but less than, the protection afforded by it. It was shown, for instance, that since 1929 up to December 1932 wages in Great Britain (Professor Bowley's index) had fallen 4 per cent., but in Australia since 1929 and to June 1932 wages had fallen 15 per cent. (Commonwealth Statistician's index of average nominal weekly wages rates), and had fallen by more since. Once the Board was satisfied on the point of the average degree of costs due to the exchange, it only remained to determine what average allowance should be made on account of exchange protection. The Board took into consideration the question as to the likelihood of the exchange moving towards parity with sterling in the near future. The report was written before the recent rise of wool prices and before many of the overseas loan conversions were effected and its conclusions regarding this aspect of the problem may therefore now need some qualification, but in view of the general external trade and financial position of the Commonwealth at present the opinion expressed by the Board in its report that "for more than a year now the rate with sterling has been kept stable at 125 and the Board can see no features in the present situation which

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are likely to influence those in control of the rate to depart in the near future from the present policy of stability" appears to be as substantially valid to-day as when it was written.

Altogether the report is an excellent, though by no means isolated, example of the thoroughness of the Board's investigations and of the common sense and practicability of its conclusions and recommendations. The Board was fortunate in having before it such a variety of evidence which appears to have been exceedingly well conceived and prepared according to the respective points of view put forward. The public is naturally enough interested mainly in the reports of the Tariff Board, but the reports owe much of their value to the ability of witnesses before the Board to put their respective cases in the best possible light and the evidence submitted in this particular enquiry would repay study by those interested in fiscal problems and policy. The Board is to be congratulated on its report and the Government on their determination, even if that appeared a little belated and the result of screwed up courage, to give effect in a large measure to the recommendations contained in the report.

ANNUAL REPORT OF THE TARIFF BOARD 30th JUNE, 1933.

The Annual Report of the Tariff Board for the year ending June 30, 1933, is of more than usual interest, because of the interpretations which have been given in it to Articles IX and X of the Ottawa Agreement. The meaning of those articles has been the subject of much discussion in trade and political circles and inevitably so because the basis of Australia's undertaking given to the United Kingdom at Ottawa is to be found in them. Some authoritative official statement as to what they meant was obviously necessary, although it should be made clear that the Commonwealth Government are not bound to accept any interpretation placed on the Articles by the Australian

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Tariff Board or any other advisory body and indeed should not accept an interpretation which might be considered to be contrary to what they felt were Australia's real obligations under the trade treaty. On November 15, 1932, a letter was addressed to the Prime Minister, Mr. Lyons, by the President of the Associated Chambers of Manufactures of Australia regarding the Ottawa Agreement and Australia's manufacturing activities. In it a request was made for a statement as to the course the Government intended to follow in regard to the implementation of the Agreement, on the ground that vague and unsatisfactory tariff definitions in the agreement such as "reasonable competition" and "economic soundness" when applied to Australian secondary industries or to any one of them required to be given a definite meaning if uncertainty and instability of secondary production was to be avoided. The Government did not accede directly to this request but left the matter in the hands of the Tariff Board which would sooner or later have been compelled to interpret the articles and which has now laid down the principles which are to be followed in tariff making in Australia for the next few years. For convenient reference Articles IX and X of the Ottawa Agreement are given hereunder.

ARTICLE IX.

His Majesty's Government in the Commonwealth of Australia undertake that protection by tariffs shall be afforded only to those industries which are reasonably assured of sound opportunities for success.

ARTICLE X.

His Majesty's Government in the Commonwealth of Australia undertake that during the currency of this Agreement the Tariff shall be based on the principle that protective duties shall not exceed such a level as will give United Kingdom producers full opportunity of reasonable competition on the basis of the relative cost of economical and efficient production provided that in the application of

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such principle special consideration may be given to the case of industries not fully established.

The Board agrees with the principle enunciated in Article IX, but divides the question of its application into two parts. (1) To industries which have been established under very high protective duties and which could not exist without a large measure of protection; (2) To industries which have not yet been established. The Board considers that its recommendations are to some extent circumscribed by the actions of the past regarding the first type of industry coming under Article IX. It is contended that although such industries impose excessive costs on the community yet by reason of the heavy capital expenditure frequently involved in their establishment, disruption and hardship would result by the removal of all protection from them. The Board, therefore, while admitting that an industry may be uneconomic and costly to the community, intends in such cases to recommend a lower rate of duty in place of a prohibitive duty. What benefit, if any, will accrue to the United Kingdom as a result of this decision remains to be seen, but it is likely to be extremely small. As regards industries which have not yet been established the Board intends to give Article IX its obvious meaning and full application. The question, of course, arises as to how far the Board is justified in not giving full effect to the principle of Article IX so far as established, but uneconomic industries are concerned. It is very doubtful whether the application of the Article should be so restricted for, undoubtedly, one of the reasons which influenced its inclusion in the trade treaty was the fact that during the past three years many industries were established in Australia which could exist only because of the virtual prohibition of competing imports. It might be fairly argued that any reciprocal trade agreement between Australia and Great Britain with the object, amongst others, of giving British goods a larger share of the Australian Market, would naturally involve the substitution of British imports for highly uneconomical locally produced goods. From the point of view,

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too, of high Australian production costs, it hardly needs to be pointed out that the continuance of excessive protection must have aggravating effects. However, the Board, after weighing the evidence submitted in many cases, came to the conclusion that the scrapping of plant and the unemployment which might result should a rigid application of Article IX be insisted upon could not be in the circumstances justified. Article X presented hardly any less difficulties if the objective of the interpreting body was to preserve as far as possible existing conditions. At first glance the meaning appears to be fairly clear though the phrase "full opportunity of reasonable competition" is obviously capable of being strained according to the point of view concerned. The basis of this reasonable competition is to be the relative cost of economical and efficient production. The Board rejected the idea that this meant the equalisation of duties to allow for the higher Australian labour costs, the higher costs (if any) of raw material in Australia and also, which is surprising, higher overhead charges. Nothing apparently so comprehensive was acceptable. On top of all that protection the Board added a further general margin of protection to be granted in appropriate cases at its discretion. To show what the Board considered was meant by reasonable protection or a reasonable duty the basis of the interpretation to be followed is given seriatim: "The Board considers that a reasonable duty to protect an efficient economic industry should be high enough to raise the landed cost of an overseas product to the level which will (a) Compensate the local manufacturer for the higher cost (if any) of Australian labour; (b) Offset the higher costs (if any) of raw materials and overhead charges and (c) provide a marginal advantage in favour of the Australian Manufacturer." So far as (c) is concerned the margin is to be varied according to circumstances. Article X undoubtedly appears to concede the principle of the equalisation of duties, if any want the concession, subject to certain safeguards; but the Board appears to go further. The protection allowed in (b) to cover overhead charges may easily shelter inefficiency

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which is a notorious cause of high overheads. The margin provided in (c), although admittedly elastic and to be applied at the discretion of the Board, is apparently intended to ensure a definite share of the Australian market to the local manufacturer. It may, of course, be considered equitable in order to make local production economical to ensure, by artificial means, a share for it of the local market but the suggestion that such further protection is really necessary carries with it the query as to whether after all an industry requiring such assistance is economical and properly efficient. The Board gives some examples to justify its arguments. It is suggested in some instances that the division of the present market between local and overseas producers, by restricting local supplies, presumably by lowering duties, would increase the costs of production necessitating higher selling prices and the imposition of higher duties to restore reasonably competitive conditions and the Board quotes as an instance of this contention the position of the galvanised iron industry, but it would appear to be rather the exception that proves the general rule that the competition of overseas goods with local products is more likely to reduce costs and prices than to increase them, and even the case of the galvanised iron industry is not likely to be valid under conditions which are free from the operation of the equalisation of duties system, a system it may be remembered which was trenchantly criticised by Sir Arthur Salter a few months before the Ottawa Conference as being subversive of international trade.

Running through the report there appears to be a tendency to avoid as much dislocation of capital and employment as possible in carrying out the Ottawa Agreement. Whilst that attitude has possibly some justification as a short range policy it should not be allowed to eliminate permanently the question of uneconomic industries, and the principle of immobilising labour by excessive protection cannot be defended. Indeed, if these admittedly awkward questions are to be baulked at every time they become

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practical policies, there is little likelihood of much ever being done to reduce tariff costs. It is true that some unemployment would certainly result if some of the highly uneconomic industries were closed down, but that does not mean that net unemployment would be greater, for if the process of weeding out uneconomic secondary and primary industries was thoroughly and judiciously carried out net employment figures should soon show an improvement. In this connection the Board might well be reminded of the words used in its annual report for the year ending June 30, 1933. "The Board has constantly had in mind that the prevailing very serious unemployment is bad for the financial, physical and moral condition of the community and in all its deliberations has regarded it of vital importance that remunerative work should be found for the people. Nevertheless, the imposition of high rates of duty for the benefit of one industry resulting in seriously higher costs to other secondary or primary industries may cause some additional employment in the one but resultant unemployment in the others." The converse would appear to be an equally sound principle upon which to base a revision of the tariff schedules.

It is of interest to note that the Board draws attention in the report to the admission of plant and machinery under departmental by-laws and considers that in spite of large importations of machines and appliances admitted free or at concessional rates of duty under departmental by-laws serious added costs have been incurred by importers of essential plant owing to duties. The Board points out that in a report on machines and machinery a more liberal treatment of applications for by-law concessions is recommended. This recommendation will be very welcome to both primary and secondary producers. The point is no new one for it may be remembered that a strong plea was made for the admission free of duty of a large proportion of plant and equipment necessary to the establishment, maintenance and extension of primary and secondary industries by Dr. Earle

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Page in 1930 in a speech which was commented upon in the September issue of this Journal of that year.*

The report as a whole indicates how strongly entrenched is the policy of high protection even in the mind of an independent body such as the Tariff Board. It does appear that there is unlikely to be any serious reduction of tariff costs. Throughout the report it is clear that the Board's view of the application of the Ottawa Agreement is almost always in favour of local secondary industry. Perhaps that is natural enough, but it remains to be proved whether the interpretations placed on Articles IX and X will have serious repercussions on the Australian export trade in the British Markets. The Australian Manufacturers have had the questions propounded in their letter to the Prime Minister resolved in a manner which to them at least must be extremely and perhaps unexpectedly satisfactory.

—D. A. S. CAMPBELL.

THE AEROPLANE AS A COMMERCIAL VEHICLE

By A. MURRAY JONES.

The aeroplane is essentially a means of transport and on its success, in competition with other forms of transport, will depend the extent of its future commercial use. In general, since the War, aircraft operation has been greatly assisted by Government subsidy, both in direct and indirect forms. The former assistance has usually taken the form of an actual cash payment per mile flown on approved routes, while, for the latter, Governments have provided aerodrome and air route facilities at little or no cost to the operator. The reason for these subsidies has been, of course, the desire of various countries to build up self-supporting merchant air services as quickly as possible, and national competition has compelled all the first class nations to provide subsidies, for any one standing out must be left behind the others in air development. Without going into the subject of subsidies in principle, it can be definitely maintained that the policy, from the air point of view, has been justified, for it has been the direct cause of an immense amount of technical development, both in aircraft design and in air line operation, while, at the same time, the actual cost of the subsidies has been steadily declining as each year has passed. Everyone connected with the industry, however, is keen to have done with subsidies, or, at any rate, direct money subsidies paid only for flying, for it is realized that the industry will become firmly established only as soon as civil aviation flies on its own efficiency. The consideration of the possibilities of this state of affairs coming about is the object of this article, and our ideas will be assisted by summarising the advan-

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tages and disadvantages of air transportation and demonstrating how the former may be increased and the latter reduced, until the aeroplane can come into open competition with the older forms of transport.

Speed is the most obvious and best appreciated advantage. Cruising at economical speed, the modern aeroplane is capable of going at least four times as fast as the modern car, and this without the fatigue caused by high speed air travel. Effective speeds of aircraft vary to-day from 100 m.p.h. upwards, and the average of all types is showing a steady increase each year. The speed at which an aeroplane is designed to fly depends to a large extent on the cost that the operator is prepared to put into that speed. At present the economical speed of aircraft is about 110 m.p.h. for the very best designs. By economical speed I mean that at which the aeroplane will carry the greatest weight over the greatest distance per hour for a given amount of money. The idea is exactly similar to that of shipping, where the economical speed of to-day is about 14 or 15 knots. If faster shipping speeds are necessary, as they are with mail carrying, a considerable increase in operational cost results and shipping subsidies become necessary. Just so with aeroplanes. At the present day speeds up to 200 miles per hour or more are attainable in ordinary operation provided operators are able to pay for it. The Americans have been prepared to pay for speed (by large Government subsidies), with the result that American air line speeds are much higher than any others in the world. There are air lines in the U.S.A. operating an actual schedule of 200 miles per hour over long distances and irrespective of wind conditions. The British policy has been to keep subsidies only sufficiently high to maintain a steady development along the lines of economy, with the result that Britain leads the world in the development of the types of aircraft which most closely approach the truly commercial. As an instance of the great development which has taken place in British aeroplanes in the last few years, two types built by the one Company may be instanced. The

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first, built in 1927, carried ten passengers at 95 miles per hour with engines totalling 1,350 h.p., the total weight fully loaded being 16,000 lbs. The second built in 1933 carries 12 passengers at 145 miles per hour with engines totalling 800 h.p., and weighs fully loaded 9,200 lbs. Since the cost of building an aeroplane is approximately directly proportional to its weight, and its running costs are approximately proportional to the horse power of its engines, the immense improvement in economical operation—due entirely to improvement in engine and aeroplane design—can be appreciated.

The chief disadvantages under which the aeroplane has laboured in the past are cost and the disinclination of many to fly owing to the risk which they think incidental to air traffic. The cost of air transport depends mainly on the type of service to be run. The actual running expenses of the modern light aeroplane, carrying three persons, or of the larger types carrying six to eight, are practically the same as a car. On a recent trip to Melbourne—500 miles—the distance was covered in $4\frac{1}{2}$ hours, using 26 gallons of petrol. As there are many cars on the road to-day which would use at least that amount of petrol for the distance, the running cost can be accepted as quite low. Of course, running costs are not the only ones to be considered. There are maintenance and depreciation and insurance.

Maintenance is at present somewhat higher for a 'plane than a car but, by good design and manufacture, is steadily being reduced. Machines are becoming more robust and capable of harder and more continuous use, while engines are steadily becoming more reliable. To-day it is difficult to make pupils understand the necessity for being at all times ready to make a forced landing due to engine stoppage. During the War, this necessity was always in our minds on account of the unreliability of the engines. Now, particularly in light aero engines, reliability is probably much better than in the average car engines, provided ordinary care is taken.

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Depreciation is high to-day because aircraft are passing through a phase of rapid development, and a great part of this charge is due, not to the wearing out of the aeroplane, but to the fact that it rapidly becomes out of date, and so, if a service is to continue on sound lines, a fairly frequent change of equipment becomes necessary. This will gradually settle down with a consequent reduction of depreciation charges.

Insurance is also high, but that, too, is an item of expense which is being steadily reduced. Machines are being made safer and easier to handle—the reliability of the power units, is reducing the risk of accident and so, here, too, the future looks bright. Finally, both insurance and depreciation naturally depend on the original cost of the aeroplane and on the amount of use per year it is put to. Here again the designer is playing an important part. Some time after the War the cost of aircraft could be taken as being £1 per lb. weight fully loaded; in fact, to find the price of an aeroplane, one had only to enquire its total weight. To-day aeroplanes are selling at 12/- per lb. of all-up weight and this is being gradually improved. Again the cost per passenger seat of one of our aeroplanes in 1928 was £800. To-day it is £350—a very marked improvement.

The amount of use given an aeroplane is measured by hours flown, and the greater the number of hours (and so miles) flown per year, the less the cost per mile on account of these fixed charges. 10 years ago 500 hours per year was a high average figure for each unit of a fleet. To-day, Imperial Airways and others in England are aiming at, and achieving, 2,000 machine hours per annum. This vast improvement must again be credited to the designers who have steadily improved the reliability of the machines until this splendid performance has been attained. Even on a 1,000 hour per year basis, fixed charges are reduced until aircraft are to-day, both in Europe and in this country, entering into keen competition with the more prosaic forms

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of transport. Hillman's Air Services, for instance, are carrying passengers from London to Paris—a distance of 250 miles—for £2 10s., a fare which is lower than the railways, and Hillman's are not subsidised in any way at all.

We have seen that the problem of cost is being steadily solved. What of the other disadvantage mentioned previously, which may best be described as danger, or, from the passengers' point of view, fear? To commence with, a properly organised air line need be no more dangerous to travel on than a railway train or a steamship. That we do have accidents on well-organised lines is due mainly to weather conditions, and these are being overcome by the increase in, and improvement of, our aids to navigation. A steady reduction in the number of accidents has taken place since the War and this will do more than anything else to remove the fear complex from passengers. Nevertheless, fear continues to be a very definite problem for the aircraft industry to-day and is being dealt with by the designer as well as by the operator. One of the main causes of fear in the past was the actual bodily discomfort of the passengers. Noise and vibration in the aeroplane are the main causes of discomfort, though wind and cold have helped in the past. The latter have been avoided by placing passengers in heated cabins, in comfortable arm-chairs; and, by putting the engines in the wings and running the exhaust pipes well to the rear, noise and vibration have been reduced below those of an express train. For some time now, aeroplanes incorporating the comfort of a Pullman car have been operating the London-Paris route and the increase in the passenger bookings has been most marked, so that considerable additions to the fleet of Imperial Airways has been necessary to cope with the traffic.

Such, then, are the problems to be solved before the aeroplane can become truly commercial and the need for subsidy cease. That they have been solved in part is demonstrated by the fact that the last year or two has seen unsubsidised lines operating successfully on routes

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both in Europe and Australia. The number of these lines has shown a steady increase and there seems to be no doubt that passenger traffic will move from the ground to the air for medium and long distance travelling. The need for subsidy is still with us on routes over which little traffic is offering, such as the out-back districts of Australia, but that need is yearly diminishing, and it is probable that, in the not distant future, mail revenue will be sufficient to cover the total costs of operation of those routes also.

Apart from regular air line operation the marked reduction in the running cost of the modern aeroplane is increasing the amount of private charter work, particularly in the Commonwealth where our distances are great and our communications rather indifferent. North and Central Australia are both easily covered by air and the risk of accident is negligible providing the organisation is sound. All this work has been made possible by the designers of the engines and aircraft—men who, in many instances, have given their lives to a cause which they have decided is deserving of their best work and which, more frequently than not, has treated them as most pioneers have been treated in other walks of life. To them civilization owes much.

—A. MURRAY JONES.

INTERNATIONAL ASPECTS OF THE CINEMA

By BEATRICE TILDESLEY.

This is a very wide subject, which can be approached from several angles. I propose to touch briefly on the immense potentialities of the cinema as a means of spreading knowledge and as influencing the outlook of audiences throughout the world. Then we might go on to consider how it has been used as a vehicle of direct propaganda by certain nations and systems of government. And how, moreover, such nations and systems have been careful to protect their own peoples as far as possible from outside influences which might nullify the effect of the doctrines they espouse themselves. Further, we ought to consider the effect of this most popular amusement of the white man when it is made available to native or subject races in the East. And we might, finally, consider ways by which films could be used to further goodwill and amity among the nations.

To begin with, I should like to deprecate any suggestion of priggishness or of a highbrow attitude in dealing with the cinema in this connection. Films are primarily, like stage plays, produced for entertainment. And, because their audiences are so much vaster and so much more heterogeneous than the audiences collected to see any drama played by flesh and blood actors, they must definitely be popular in their appeal. That is to say, if they are to bring reasonable profits to the box-office, they cannot afford to be too subtle and intellectual. G. B. Shaw's more conversational pieces could not possibly be put upon the screen without extensive adaptation. Even then they could not be really satisfactory as films. On the other hand,

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that the ordinary film cannot be too intellectual does not mean that it has to be contemptible from the artistic standpoint. Some of the noblest poetry has been so simply expressed as to be "understood of the people." And a film can reach artistic excellence and yet be enjoyed by everybody.

We shall have to leave out, I am afraid, the question of purely educational films, though they are being more and more used in educational institutions and are getting to be recognized as very valuable aids, particularly in the teaching of various sciences. But the point I want to make now is that any film, even the most childish, is in a sense educational. It cannot but give some view of life that is either real or imagined. And the ideas it contains are presented in a way that makes them especially easy to assimilate. In the stories depicted on the screen we see a number of people, like or unlike people we meet every day. They are shown to us in the surroundings of their homes and their business offices and so on. Half consciously we note their habits, their tricks of speech, their ways of reacting to certain crises. And the less fortified we are by experience, or education, or commonsense, shall we say, the more likely we are to imitate them. It is very easy to see how rapidly the film carries its message by referring to comparatively unimportant matters like women's clothes and hairdressing. Is it not a commonplace that you see almost immediately the same fashions repeated from Paris, and New York and Shanghai in the houses and hotels of the rich? Unfortunately, it is not only the rich who are quick to take up the latest mode put before them in this way. National and peasant costumes are ceasing to be worn and we are faced with the bleak prospect of standardised apparel everywhere, largely through the influence of the movies, though they are not entirely responsible.

The cinema has also been of tremendous advantage as an advertising medium to the country which is the

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biggest producer of films and the biggest exponent of mass production generally, the United States of America. The old saying "Trade follows the flag" now runs "Trade follows the film," and American motor cars and other American manufactures have undoubtedly reaped the benefit of being made familiar on the screen to people all over the world.

But these material considerations, important though they be, are not the most important. I said just now that Governments which are apprehensive of foreign influences. Italy, Russia, Japan—these are most prominent among others—either exclude or else restrict the importation of films from other countries for this very reason. The ideas thus conveyed might be subversive of their political system or likely to break down the traditions of their national culture. In these countries—first and foremost in Russia—the value of films as direct propaganda is fully realized also. But it is worth noting that their own locally produced films are made for home consumption in the first place. They are used as means—this applies particularly to Russia again—of educating their own people in the tenets of the reigning government. Of course that these films should be shown in foreign countries also is quite desirable from their point of view, but not the chief aim at all.

These countries I have just mentioned are not by any means the only ones to realize the importance of Government control of the production and exhibition of films. Austria, France, Germany, and Poland, like Italy, Russia, Japan, have film institutes set up by the State with greater or lesser powers of control over local film production and over imports of foreign films. Holland has a State-aided film institute, and arrangements were announced at the end of last year for the formation of a State-aided film institute in Great Britain. There are also independent film institutes in Belgium, Czecho-Slovakia and the U.S.A., all of them functioning towards much the same end, that is to say, the stimulation of local film production and some

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modified control of imported films. Besides these there is an International Institute in Rome for educational cinematography, linked up with the League of Nations.

With the exception of Japan, which realized earlier and perhaps more keenly than any other nation the possibilities and dangers of this international currency of films, the countries I have enumerated belong to what we call Western civilization. Perhaps we ought also to except Russia. At any rate, when we come to the question of films shown to peoples of the East, we are up against a grave problem, we might say a grave abuse. Those of you who read a book of Aldous Huxley's travels, called, I think, "Jesting Pilate," will remember the occasion when he visited an open-air cinema in Java. He describes how the audience of coolies followed the story in silence to the end and then turned away with a contemptuous snigger at these incredible vulgar idiocies of the white man, shown to them on the screen. Was this really a reflection of the life of the dominant race? It makes one go hot and cold to think of that incident being paralleled many times and in many places up and down the East. There have been indignant complaints from India, too, as to the travesties of their religions and customs in films supposedly dealing with Indian life. And think of the erotic nonsense we have had served up to us about sheiks. All this sort of thing not only makes the judicious grieve, but has done irreparable damage to our prestige among subject races.

If we turn finally to more hopeful prospects, I think we may agree that some of the splendid war films we have seen, films that have not romanticised the incidents shown, but have let them tell their own tale, have been powerful arguments for peace among the nations.

To promote mutual tolerance and understanding and goodwill in normal times the ideal certainty would be to have an unrestricted interchange of the best films of all countries, made by people who are native to that life and

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are a part of it. The language barrier is easily surmountable by the judicious use of sub-titles. This has been proved in many French and German films released in England. Or the technique of a commentary spoken by an interpreter, such as the Japanese use for foreign films, might be developed. And, of course, the news gazette idea could be immensely valuable if it were extended and we had all those items also contributed by natives of the countries concerned. At present, in Australia, at any rate, we are offered what purports to be world news, but is largely confined to one country, through whose eyes also we get most of the little we do get about other countries.

—BEATRICE TILDESLEY.

REVIEWS

T. E. SHAW'S ODYSSEY OF HOMER TRANSLATED INTO ENGLISH PROSE

By W. J. WOODHOUSE.

The Odyssey of Homer: newly translated into English Prose—that is all that stands on the title-page. The Preface, or Translator's Note, is signed T. E. Shaw, none other, one understands, than that Lawrence who did things in Arabia in the Great War. That identity, no doubt, is responsible for the book's success, from the point of view of sales; for already a year ago a third impression had been issued: so that our present notice of it here is somewhat belated, unavoidably.

It has been remarked, in print, that this translator 'is equipped as no other by the rich and varied experiences of his chequered career to interpret the life of a period such as that in which Homer places the story of Odysseus'. That is ramshackle logic. A translator's task, beyond dispute, is first and last to 'carry over' his author, not to worry about interpreting the life of the period. This last was the business of his author, and of none other; so that if the author has failed in it—well, it is past mending. Translator's career, though never so chequered, will in that case make no odds, but the only problem for him will be, whether the thing is worth doing at all. If it is, then must he invoke the translator's trinity of deities, the deities of Scholarship, Sympathy, and Taste, and so fall prayerfully to work; never for a moment forgetting, that a translator's prime merit is faithfulness and that on this saving grace he must keep fast hold, if he means not to fall into what Pope called 'a chimerical insolent hope of raising and improving his author.' It should seem, then, that the mere equation Shaw=Lawrence provided no very sure ground for expecting this latest essay at translation of the *Odyssey* to exhibit any special excellence. Far indeed is it from that. Rather, a perusal of the Translator's Note leaves one wondering why, holding the view of the *Odyssey* there set forth, this translator should ever have devoted so much time ('four years', no less, he tells us) to such sorry stuff as this of Homer's. For sorry stuff it must be, or rather so does he make it out to be, upon balance of pros and cons. 'In this tale every big situation is burked and the writing is soft'; it 'runs to the seed of pathos, that feeblest mode of writing'; 'the author misses his every chance of greatness, as must all his faithful translators'; 'notebooks stocked with purple passages and he embedded these in his tale wherever they would more or less fit'; 'the tedious delay of the climax through ten books' (as much as to say that the *Odyssey* is near twice as long as this Mr. Shaw would have it); 'the thin and accidental characterisation', without excuse to 'our ingrown minds'—what is all this, but resuscitation of the 'slenderly-gifted botcher' gibbeted years ago by the mighty man that sat in the seat, chief among the captains of German scholarship, priest after the order—of the heresiarch Fick the burden of whose preachment was, that

T. E. Shaw's *Odyssey of Homer Translated into English Prose*

'the present *Odyssey* is a crime against human intelligence' (that was the stuff to give the troops, those days). In comparison with those lusty Calibans of criticism, Milder must have been conscious of the anti-climax of his own moderation in invective when he wrote: 'It is really too bad that the poet of the *Odyssey* should have tried his hand in a species of poetry for which he had neither the necessary creative ability nor the power of expression'. This woeful stuff passed for serious literary criticism twenty years back, but today it is *vieux jeu*; and our translator's critical credo is marked as belonging to the day before yesterday.

In the Note prefixed, though in the same breath he avows that the *Odyssey* 'defies honest rendering', he yet labours the point that this is a translation—it aims to be essentially a straightforward translation'. Well, what is Shaw's notion of a 'straightforward translation'? The first page of the book sets out, in a studied display of capital letters, his version of the poet's invocation, the first ten lines of the poem. The Greek ends with the three simplest of words: 'Tell us also'. With Shaw this becomes: 'Make the tale live for us in all its many bearings'. After this feat of expansion, we are not surprised to find the version of the eight Greek words of the famous line quoted by Scipio Aemilianus with reference to the murder of his brother in law, Tiberius Gracchus—'So perish all who do the like again', swelling out of recognition: 'May everyone who slaughters a victim after this fashion go down likewise into hell' (p 2). On p 150, two Greek words can in English hardly be less than double that number, but need not run to eleven: 'tore the ringlets of hair by the roots from their heads'. On p 9 'yet who knows but there may steal into your mind that divine prompting by which Zeus very often gives mankind an inkling of the truth' is the intolerably flat and verbose rendering of only eleven Greek words. There is no sense in that sort of thing, in what professes to be a translation and not prattling paraphrase. A really choice specimen of this wantonly expansive manner is to be found on p 6, where the Greek has twenty-eight words in four lines:—

'But on an upland farm his grievous lot
He bears, and one old serving-maid has got
With meat and drink to serve him, when he creeps
Awearry round his terraced vineyard-plot.'

(Mackail's translation, reasonably close, in thirty-two words). This is what Shaw makes of the passage: '(comes no more to town), because of the infirmities of his advanced years. Wherefore he buries himself in his secluded vineyard, among his vine-stocks on their ordered terraces: up and down which the old man drags himself, slow step after step, cherishing the grapes, until the feebleness of age once again takes him sorely by the knees. Then he rests, for the old woman, his sole attendant, to wait on him with restoring meat and drink'. Bless thee, Homer! bless thee! thou art translated.

There is no apparent reason for this, to use Cowley's phrase, 'libertine way'. Causer enunciated the golden rule—that translation should be 'so treu wie möglich, so frei als nothing': 'As faithful as it can, as free as it must'. But Shaw must always be improving and amplifying, and generally heightening the characteristic low tones

T. E. Shaw's *Odyssey* of Homer

of the Greek. While Phemios the minstrel sang, 'from her chamber aloft she caught the glorious strain, the daughter of Ikarios, wise Penelopeia'. But Shaw feels that he can do much better than that: 'In her upper storey, Penelope, that most circumspect daughter of Icarius, caught rising snatches of the minstrelsy. Her wit pieced these together into their sense'. Upon the whole, one prefers Homer.

Homer's epithet of wine—'fiery', 'red', or 'gleaming' (the exact meaning is doubtful)—becomes: 'stuff with the glint of sunlight in it.' But, to be fair to him, in his Note Shaw warns us that, as between penny plain and twopence coloured, he is all for the garish—to 'raise the colour', as he puts it. Hence we have such phrases as 'crafty blood-bolted Aegisthus' (only 'crafty' in the original); 'these suitor-maggots' (only 'these' in the original); 'swaggered up', for the simple colourless verb; 'that gorbellied mar-feast' ('canker of the feast', Mackail: Melanthios would, no doubt, have been glad to add 'gorbellied' if he had thought of it); 'nor woo his wife' becomes 'lust after the woman's body'. From these and countless other examples, we gather that Shaw finds Homer lacking in what, in the American tongue, is called 'pep'. But he is unfortunate, in that he himself is unable to recognise a powerful phrase when he meets it, and striving at all costs to appear original and impressive he drops often sheer into bathos, to the very nadir of the commonplace. Thus, the recurring line: 'What word is this hath escaped the barrier of teeth?', becomes, on the lips of old Eurykleia, addressing Penelopeia (p 306): 'My child, why let fall that dull word?'; and (p 285): 'Leodes, it shocks me to hear this dismal judgement escape your lips'—Antinoos talking like a school marm. But Shaw can do worse still. In the tense passage where Odysseus has his old nurse by the throat, threatening her life if she betrays him, he renders it: 'My child, what a dreadful thing to say' (p 268). He has apparently no instinct for dramatic propriety of language. These, and many other, passages in his translation read as if he had been trying to justify Bentley's dictum—that the *Iliad* was written for men, and the *Odyssey* for women; or that of Samuel Butler, when he was a boy at school—that the *Odyssey* was the *Iliad*'s wife, and had been written by a clergyman (later, as we know, he changed his mind about this, and wrote a whimsical book to prove that the *Odyssey* is from the pen of that pert minx Nausikaa).

Our translator is equally unconscionable in compression. Thus, on p 259, four lines of the original are condensed to the positively revolting formula: 'Quickly the place was set and then Penelope opened with . . .'. He habitually treats his text very cavalierly in this respect; omission being his regular resort when ingenuity in avoidance of repetition fails him, or indeed for no discoverable reason at all. Thus (p 2), in a line consisting of nine Greek words, six words are entirely disregarded—the whole of the last two thirds of the line, containing a pun on the name of Odysseus (with which, by the way, Homer himself seems to have been rather pleased, seeing that he repeats it in another place). But Shaw confesses that 'at our remove of thought and language we cannot guess if he is smiling or not'—this perhaps the only point, touching the *Odyssey*, on which he would confess nescience. He does himself make a venture in this sort (p 270), where Penelopeia says: 'to see that evil Ilios, never to be named' (so Butcher and Lang; 'that Iliion he might see, Ill name, not fit to pass the lips of men':

Translated into English Prose

Mackail, who at 19. 597, has: 'That evil town of Troy whose name to me is hateful'). This becomes, with Shaw, 'since Odysseus went to desTroy that place I never name'—a curious and hardly laudable device, this, of labelling the jest for our dull wits. But on p 262, where he first hit upon this depressing puerility, it goes: 'An ill season took Odysseus in his hollow ships to desTroy, that cursed place whose name shall not pass my lips'—where, however, insertion of the comma seems to have ruined the translator's sad jokelet. On p 305 he shrinks from its repetition, and is content with: 'since Odysseus went away to view that ill city never-to-be-named' (literally, 'visit that ill-Ilios').

One of the great distinguishing marks of the Homeric style lies notoriously in the repeated epithet, the repeated phrase or line. In dealing with this feature, personal taste is irrelevant. For a translator to plead that he himself does not like it, and that his readers ought not to like it either, is mere impertinence, and his deliberate obliteration of a so distinguishing feature is simply to betray trust and play the helpless reader false. But Shaw cannot abide it, but is, himself the victim of a perfect obsession, which renders him all but incapable of using the same wording twice for any of these epic iterata. This fad forces him to strange verbal contortions. In this connexion poor Menelaos ('the kindest and most chivalrously honourable of men', Andrew Lang called him) is somewhat scurvily treated by Shaw, who seems to dislike him from the start ('the priggish son who met his master-prig in Menelaus'—well! well!). Some sixteen times in the Odyssey Homer applies to him the epithet 'xanthos' ('yellow, with a tinge of red'); as has been humorously said, Menelaos 'was a well-known infantry officer with auburn whiskers'—prototype in fact of the glorious blond Guardsman of Ouida of happy memory. Shaw thrice omits the distinctive epithet, and thrice is content with the feeble translation 'fair' (curious that he never, so far as I see, uses the adjective 'blond' for him). For the rest, we have 'fair-haired', 'brown-haired', 'auburn Menelaus', and then a very climax of really offensive epithets: 'tawny Menelaus', 'tawny-crested king', 'yellow-maned', and 'high-coloured Menelaus' (this last, by the way, in the evening, on the occasion of a double wedding, when Menelaos had probably had a good deal of drink during the day); then, 'Menelaus flushed with anger', the list winding up with 'ruddy Menelaus flushed in wrath' (grew ruddier and ruddier, what?). But even this is perhaps not quite as bad as twice to be dubbed 'Stentorian Menelaus' (Shaw's rendering of another epithet frequently applied to Menelaus).

Telemachos ('the priggish son'), and his mother ('the sly cattish wife'), come off just as badly. The constant epithet of Telemachos, it must be granted, is trying for a translator; perhaps 'canny' (which is my own choice, not Shaw's) is as good a turn as any. Shaw, 'after his wont' (which is one of his own renderings of the epithet in question), rings the changes on 'careful', 'cautious', 'dispassionate', 'heedful', 'sober', 'staid'; but very often gives the word the go-by. A very frequent trick of his, is to convert the adjective into an adverb, such as he thinks conformable to the emotion of the occasion; so that we get: 'pensively replied', or 'reasonably', 'soberly', 'sadly', 'gravely', 'properly', 'gently', 'thoughtfully', 'appositely', or, 'with restraint', 'with measured word', 'in deliberate reply', 'was inspired to answer bravely', 'well advised was the reply', 'answered

T. E. Shaw's Odyssey of Homer

him with advisement', 'tactful was the reply', 'decently cut her short' (his mother), 'discreetly reassured him'. In the adoption of the adverbial turn for the Greek adjective, Shaw had a predecessor in Victor Bérard, in whose translation the line is usually given as: 'Posément, Télémaque le (or, la) regarda et dit', or, 'reprit posément la parole'. The point is, we see, that Shaw must at any cost avoid rendering the same single Greek word by one and the same word in English, and is therefore driven to employ these dull prosaic phrases, which are nothing short of outrages upon the tripping simplicity of the Homeric formula.

The constant epithet applied to Penelopeia is perhaps one of the hardest problems of a translator of the Odyssey. How is he to render it, without making her seem dowdy? In more than twenty places Shaw has solved his problem in his own high-handed way, by omission; which, in view of the renderings actually adopted, was perhaps the kindest course. We augur the worst from the way in which Penelopeia is first introduced to us by Shaw: 'Penelope that most circumspect daughter of Icarius'. After that depressing introduction we are almost resigned to 'careful', 'decorous', 'heedful', 'self-possessed', 'staid', and to the usual adverbial turn: 'said Penelope with reserve', 'Penelope's wise comment', 'sadly rejoined', 'cautious Penelope murmured back'—all these variants representing one and the same Greek adjective. Perhaps the most fatuous examples of Shaw's renderings of Homer's conventional epithets are the following: to Theoklymenos, who has the second-sight, and is in fact a kind of clergyman (though, sad to say, 'wanted' for murder), Homer applies a frequently recurring epithet which Shaw here translates by 'reverend'; he calls Eumaios 'exemplary swineherd', but the two Greek words rendered by this unpleasant adjective become ten words on p 40: 'a tall man who led his rank in battle' (of Nestor's sixth son, Peisistratos); he puts into the mouth of Nausikaa the incongruous combination (p 91) 'sanctified Phaeacians', while on p 40 the same adjective appears as 'magnificent' (Thrasymedes, another son of Nestor); he makes Alkinoos talk of his 'ruddy aldermanic wine'. It is obvious that Shaw has no instinct for the literary epithet.

One of the famous recurring lines of the Odyssey is that which preludes a new day: 'So soon as early Dawn shone forth, the rosy-fingered' (so Butcher and Lang). Let us hear Shaw's variants. In the earlier Books, while the tide of his invention ran somewhat freshly, we have: (p 14) 'So soon as rosy-fingered morning came forth from the first grey dawn', which is sufficiently repellent; (p 40) 'Day-break: and the rosy-tinted fingers of dawn crept up the sky'; (p 43) 'and at the first red pointers of dawn in the sky'; (p 53) 'At dawn's first redness in the sky'; (p 56) 'At the first red finger of daybreak in the east'; (p 75) 'When the child of the first light, rosy-fingered Dawn appeared'. Then Shaw wearies, as well he might, of his own pointless chop and change, and fobs us off with curt prosiness: (p 104) 'At the first show of Dawn'; (p 124) 'we waited the goddess of Dawn. When She came, rosy-fingered'; (same page) 'At dawn'; (p 128) 'awaiting Dawn: upon whose shining'; (p 132) 'waited in great trepidation for the dawn. At its first redness' (of Odysseus and his men in the Cyclop's cave, this vapid phrase); (p 135) 'till dawn's rosy showing'; (p 141) 'but with the Dawn'; (p 182) 'but in the dawn light'; (p 213) 'Rosy dawn saw

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them harnessing'; (p 233) 'Dawn saw Telemachus'; (p 266) 'At dawn they were for hunting'. It is hard to believe that these dull and lifeless variants, quite devoid of literary merit in themselves, could ever pass with any reader of taste, as tolerable equivalents for the one unvaried immortal formula of Homer. Why should we take Shaw's 'pinchbeck guineas' for the true mintage of Homer?

What of that other great formal line, which speaks of 'winged words'? Out of fifty-eight examples of this recurrent phrase, Shaw retains the epithet 'winged' in six places only. Of his sad variants we select the following specimens: 'exhorted him stirringly', 'said pointedly', 'with thrilling words', 'remembering him he said memorably', 'loudly shot back at her', 'flung at him these searching words', 'spoke wingedly therewith', 'addressed him succinctly', 'burst out in touching phrase', 'gloomily flung out', 'cried out very greatly with barbed words', 'said emphatically', 'with energy', 'floutingly', 'excitedly', 'with fluttering words', 'saying cordially', 'remarking bitterly', 'crying shrilly', 'retorted cuttingly'. Perhaps the best, i.e. the worst, of these elephantine shifts, are these: 'stilled her with these trenchant words', 'called to Telemachus in a sharp quick tone', and 'with sinister leer he ground out' (p 242). Shaw evidently proceeds upon two assumptions; that the conventional line, and the conventional epithet also, must be understood as a sort of stage direction, inserted by the poet in order to indicate the particular tone of voice suitable to the imagined situation: and further, that his own ear is exquisitely sensitive to this muted music of the Homeric lyre.

We cannot but regret that he did not bear in mind what is possibly the only true word in his preliminary Note, when he admits that in this *Odyssey* of Homer 'there is a dignity which compels respect'—though what he means when he goes on to say that it 'baffles us', is not at all clear; except that it is borne out by his own indubitable failure to rise to the level of the poet's utterance. Everywhere he has succeeded only in violating and destroying the noble simplicity and dignity of his original. Samuel Butler, we know, wayward and perverse as was his nature, made his translation, as he confesses, 'with the same benevolent leaning towards Tottenham Court Road that Messrs. Butcher and Lang have shewn towards Wardour Street'. Shaw has invented a perfectly hideous compost of sham antique and the sort of English in which the Reports of public Companies are couched, a rambling forcible-feeble kind of writing, pretentious, but essentially mean, limp, sprawling and hopelessly commonplace. The present reviewer has read never a word of whatever else Lawrence may have written; but judging solely from the specimen that now challenges criticism is forced to the conclusion that Lawrence has absolutely no feeling for style. For what, in the ultimate analysis, is style, but choice of the right word for the place, and of the right place for the word? But who would call this bastard contexture of words and phrases a literary style, except on the drunken Helot principle?—with its liberal sprinkling of downright vulgarisms, of which the following are specimens: 'spear in her fist', 'no fair deal came his way', 'the one and only', 'see it through', 'we pegged away', 'gave tongue', 'your best suit is', 'But listen . . .', 'wind never let up on us', 'give even the Gods best', 'news which has casually blown in', 'Odysseus up and spoke', 'Telemachus was up to rate Ctesippus', 'sleep had downed him', 'Put paid

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to your supper', 'to my crowd I spoke', 'I lead them a fair dance' (Penelopeia's phrase), matched by what Telemachos says of her: 'she falls over herself to please'. 'Vulgarisms are often only poetry in the egg', said Lowell; but what shall hatch out of these *egesta*? Offensive as they are, they constitute a well marked element of a pot-pourri of which another and perhaps predominant element consists in the shabby-genteel banalities and bland inanities of suburbia, as: 'No shouting, please, to spoil our privilege of hearing this singer with the divine voice'; 'Their hands duly made free with the refreshments provided'; 'ate their fill of the noble spread'; (p 210): 'Hosts, to my mind, should be neither importunate nor abrupt. There is always the happy mean. It is as wrong to despatch a reluctant guest as to detain the impatient' (so 'stentorian' Menelaos, with his *Manual of Polite Behaviour* in mind); (continuing): 'and let me tell the women to set out in the hall a refectory of what meats they have ready. It is a point of credit and honour with us, and of benefit to you to set out with full bellies across these boundless plains'; (p 102, babble of Alkinoos) 'Would that there might be found some man like you, my double in niceness and sentiment, to accept my daughter and the name of my son-in-law, and to live here for good. It would delight me to provide house and property, if you would stay'; (p 120) 'Many-sided Odysseus then began: We are in very deed privileged to have within our hearing a singer whose voice is so divinely pure. I tell you, to my mind the acme of intelligent delight is reached . . .', and so on, and so on.

Fantastic, tasteless, and positively excruciating turns and phrases disfigure almost every page, of which are samples: (p 38) 'the serving-boys filled the drinking bowls to the brims with compounded drinks'—Homeric cocktails, perhaps?; (p 61) 'a two-seater chariot'; (p 230) 'so here and now let us determine his bloody end'; (p 63) 'Heaven and hell, cried Antinous'; (p 69) 'this nymph of the love-locks' (Kalypso); (p 32) 'some of us turned prow to poop, and rocked off again, back whence they had come'—this is unintelligible, but is meant to render a single line, which runs: 'Some turned back their wheeling ships, and went'; (p 100) 'I will ask leave to obey my instincts and fall upon this supper, as I would do despite my burden of woe' (supposed by Shaw to be the fitting English for the Greek, 'but let me sup, afflicted as I am'); (p 258) Penelopeia's chair called 'an early piece'; (p 261) 'her tears rained down till her being utterly dissolved'—overdoing a sufficiently exaggerated phrase, 'her flesh melted' (unless we dare suggest that she ruined her make-up); (p 262) 'lined self, it was', of the cloak of Odysseus, is not very intelligible, even if it correctly represented the Greek; (p 263) 'the Phaeacians who are near-Gods by race'; (p 266) 'so call him Odysseus, in odiousness'—where 'in odiousness' is Shaw's gratuitous addition: what would it mean, any way?; (same page) 'Hastily they produced a five-year-old bull which they flayed and flensed, before jointing its limbs to piece them cunningly small for the spits'—where 'flayed and flensed' is tautology, for which the Greek is not to blame: flense means 'to skin, or strip' i.e. to flay. Shaw's translation runs riot here, and in the effort to be precious inverts the sense. The English verb 'to piece' means 'to combine pieces', not 'to chop into pieces'. Lower down on the same page, 'About this rolled the thunder of their chase', besides being false in tone, absurdly overdoes the simple Greek phrase, which Shaw here repeats, in the following 'When the tramp of men and dogs came

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close'; (p 285) 'Odysseus cleared his throat and said'—a repulsive way of rendering the Greek participle here used, which simply means 'lifted up his voice'; (p 287) 'that we may offer libation before the bow as it lies there in a hoop', seems to have no meaning at all; (p 289) 'it would never, never do' (says Penelopeia, says she): No, certainly not; (p 290) 'stuttering in their young pride'—where the word 'stuttering' is gratuitous retouch; (p 212) 'bantling of Zeus'—this grotesque mode of address is the parting word of Telemachos to Menelaos (and Shaw says, 'properly replied' here). Examples of inexcusable bad taste are: (p 246) 'Said Telemachus, Amen, father'; (p 258) 'God's will be done'; (p 28) 'other things the spirit will teach you to say'; (p 286) 'led by the spirit'.

It may perhaps be objected, that it is hardly fair to judge the quality of Shaw's translation from snippets only. Well, here is a selection of more lengthy specimens—from this plenty a man might with shut eyes cull flowers for this posy. Agamemnon's Ghost *loquitur* (p 164); 'Yet need you not look for a bloody death from your wife: Penelope is so careful, knowing, and of such excellent discretion; the dear daughter of Icarius. Let me see, a young wife was she not, when we left her for the war? The infant then feeding at her breast may now be sitting with the men, one of them: a happy son to see his father's return and dutifully fold him in his arms'. In the same vein of senile unctuousness (p 318): 'The shade of Agamemnon loudly intoned: Blessed have you been O son of Laertes, ingenious Odysseus, in winning a wife of such surpassing virtue. So upright in disposition was Penelope the daughter of Icarius that she never forgot Odysseus the husband of her youth: and therefore shall the fame of her goodness be conserved in the splendid poem wherewith the Immortals shall celebrate the constancy of Penelope'. How does Shaw handle that most dramatic moment when Odysseus reveals himself, and the great name crashes out before his audience at the court of king Alkinoos ('profound Alcinous', Shaw calls him, on p 105)? Here is the passage (p 120): 'Many-sided Odysseus then began: . . . Yet, lo, at such a moment your heart prompts you to seek the tale of my dismal fortunes: whose telling will wring from me yet deeper tears. How shall I rank my sorrows, to put this first, that afterwards? The Gods of heaven have given me such excess of woe. I will begin with my name to make you sure of me, that when this cruel spell is past I may become your host in my house—my very distant house, alas. I am Odysseus, son of Laertes: a name which among men spells every resource and subtlety of mind: and my fame reaches heaven. I live in pellucid Ithaca'. Shaw makes him talk like a bagman. Again, this is how they talk in heaven (p 185): 'The Cloud-compeller rejoined: This complaint of yours is too great and grievous, potent Earth-shaker. In no sense dare the Gods cease from honouring you. How could they? It would go sorely against them to diminish the prestige of their gravest senior. As for men, if any so purlblindly follow the dictates of their passion and self-will as to scamp your due reverence—the remedy is yours and ultimate revenge awaits your bidding. Unleash yourself: do what your heart inclines. To him Poseidon: That, Cloud-shadowed One, is exactly what I should have done of my own accord, only I ever weigh and respect your feelings. My present impulse is to destroy this splendid Phaeacian ship as she sails back from her mission across the hazy sea. So shall I teach the modesty, and to leave off escorting every sort of

T. E. Shaw's *Odyssey* of Homer

man. Also I would mew their city up behind a wall of mountain. To him Zeus answered: Why, friend, if you hear my counsel you will smite this good ship into a rock of her own size and shape quite near the shore, while the whole populace gaze from the quays upon her arrival. So will every man be wonder-struck. Then close your hill about the city. Poseidon embraced the advice and betook himself to Scheria'. Before this, one can only be dumb. Or this (p 10): 'The persuasion took him that his visitant had been in some way divine. Accordingly his carriage as he went once more among the suitors reflected God-head'. Could anything be more stupid and silly? Again, listen to Eurymachos (p 19): 'Odysseus, of whom you prate, died long ago and far enough away. If only you had gone and died with him. Then we should have escaped these oracles of yours, and you would not have had this chance of perhaps making future capital for your family by egging on the vexed Telemachus to publish his griefs. Yet, I fear, your family will never receive from him the reward you envisage. I am about to speak hardly: but what I say shall surely be. When an elder of long and wide worldly experience prostitutes his stored wisdom to abet a young man's anger; then, in first instance, the consequences are very grievous for the young man, who finds himself impotent to bend his hearers to his will. And secondly, for you too, Ancient, the regrets will be bitter. Upon you we shall lay such fine as will make your heart ache to pay it. Now, before you all, I have advice for Telemachus. He must order this mother of his back to her parents, for them to decide her re-marriage and assess the sumptuous interchange of gifts which go with a dear daughter. I assure you that till then the cadets of the Achaeans will not desist from their irksome and exigent wooing. Why should they? We fear no one on earth: certainly not Telemachus with his bluster. Nor are we to be moved by the soothsayings which you, old man, mouth over at us, without end—save to make yourself ever more generally detested. Telemachus' goods shall be ruthlessly devoured, and no fair deal come his way while Penelope thwarts the people in this matter of her re-marriage and keeps us dancing attendance on her, day in, day out; our passions too excited by the chance of winning so admirable a bride to cultivate any of the ordinary women who would make us fitting mates. Eurymachos, said Telemachus in deliberate reply, I will not re-open entreaties or discussion upon this subject, with you or any other arrogant suitor. We have deferred our case, in fullest detail, to the Gods'.

The incredible and monstrous thing is that there evidently actually do exist in the world people who either honestly believe or pretend to believe, that Homer does talk in that fatuous style. Is that fair to Homer? Is it fair to scholarship and literary culture, that this ancient masterpiece, acknowledged as such by common consent through the ages, should find presentment to modern men in this igoble and tasteless guise? Have we not the right, the duty, to demand that this greatest and first of Romances should be put before those of our generation who know not the original, in language of the same simplicity, the same power and dignity, as near as may be, as that in which it has been bequeathed to us from the past? It is a question not merely of felicity of vocabulary, or of happy choice of grammatical structure or of literary form; it is a question of pitch and key. But Shaw, having as it seems no ear, sings always either flat or sharp—nay, I will swear, not 'sings'; his thin

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scrannel pipe breathes no note of music, no faintest whisper of authentic inspiration. Who shall ever persuade us to accept this tedious pedestrian earth-bound stuff, these cheap flimsies of colloquialism interlarded with laboured archaisms and far-fetched purple patches, as, for our generation, a true and worthy equivalent of the strong-wing'd music of Homer?

The printing of the book has been finely done. The following errors are noted. On p 205, 'and for Hermesson, of Maia', must be for 'Hermes, son of Maia'. On p 31 (third line from foot of page), 'because they had lost' should be, 'because they had not'. On p 124 'our carved bows' should surely be, 'curved', according to the Greek here. In p 206, 'surely I will not be counted long among the living', reminds us of the time-honoured 'I will be drowned, no-one shall save me'; but of course, as Fowler says: 'There is the English of the English' (and so also on p 24: 'what extra work we poor creatures will have').

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PROFESSOR COPLAND—"AUSTRALIA IN THE WORLD CRISIS"

In the first of his Marshall lectures on Australia in the world crisis Professor Copland says "The subject is one which would have engaged the interest of Marshall; it has those elements of quantitative analysis of experiment and of deep social significance that would have offered great scope for his constructive genius It has been said in reproach that Australia was forced to act. This is not strictly true and it covers up an important fact. Australia refused to take the half measures of deflation that are usually recommended to countries in similar difficulties. She pursued a middle course that had not hitherto been fully explored. It was the inherent fairness of this course that appealed to people. Marshall would have felt the force of this appeal all the more because it combined a large element of social justice with sound economic effort."

This does seem to be a very just statement of the Australian position. Australia felt her way through the depression; she was guided by economists of whom Professor Copland was among the foremost and the most influential. She was checked by the wisdom of Sir Robert Gibson, and she felt her way from position to position not certain of her step but testing each new position and holding it only when it appeared to be reasonably safe. In the last four years Australia had a far better claim to be regarded as a social laboratory than she ever had during the beginning of industrial arbitration. In these lectures Professor Copland has described the economic position of Australia immediately before and throughout the depression; the institutions with which she had to meet it, such as the Commonwealth Bank, the Loan Council and the Arbitration Court, and the measures taken by her Parliaments either to remove the depression or to palliate its effects. The story is more or less familiar to Australians who know the collections of documents made by Professors Copland and Shann, but it is astonishing to read again how Australia found the golden mean and how the Aristotelian rule saved her from the calamities of other countries. There seems to have been much good management and some good luck. The lectures are by no means wholly historical, they include defence and criticism of the measures taken as well as an application of Australian experiments to the planning proposals recently made in England and elsewhere. In particular Professor Copland has discussed elaborately the exchange question, the method of finance by Treasury Bills, and the measures taken by State Parliaments for the relief of debtors. There are some inaccuracies, in the references to the Arbitration Court and to the Powers Three Shillings in particular, arising no doubt from lack of the necessary references, but the book is an excellent example of a type of work which Marshall himself would have valued, and is at once an analysis and a history of a period in which its author did conspicuous service to his country. We only wish it had appeared at a date at which it would have been possible to give it a more thorough review for the current issue of the "Quarterly."

"Australia in the World Crisis", 1929-1933, by Douglas Copland.

Cambridge University Press.

CONSTITUTIONAL DEVELOPMENT OF AUSTRALIA

An historian of the constitutional development of Australia from the time of Governor Phillip down to the decision of the Privy Council in *Trethowan v. Peden* has to face many difficulties, one of which is the apparent lack of continuity in his story. Constitutional development seems to have been of the first importance twice, or perhaps thrice, in Australian history, at the time of the grant of self-government to New South Wales, when Victoria and Queensland were established as separate Colonies, and throughout the Federal movement. At other times matters of this character seem to have been of secondary importance, the permanent political influences being the agrarian disputes in New South Wales and the triumph of protection in Victoria. There would seem to be scope for a new history of the Federal movement, or of the subdivision into separate Colonies, but the two are so different in character that it would seem to be almost hopeless to discuss them both in the same volume. Mr. Wood has overcome these difficulties with remarkable success. The major part of his book of 252 pages is a description of the progress towards responsible government in the various Colonies. The Federal movement beginning about 1843 and the history of the federation take up the latter part of the book and is exceedingly well done within the limits within which the writer had to work. It is impossible not to feel that there were sometimes more important contemporary events than those which Mr. Wood describes but one must always acknowledge the value of a history which records successive manifestations of the great idea of self-government, first in the Colonies, then in the Federation and yet again in the movement which has culminated in the Statute of Westminster. Mr. Wood has examined every source of information except a few family papers which have not yet found their way into the Mitchell Library and has thrown much new light on familiar episodes. He writes with clearness and vigour and with obvious impartiality. We wish we could share the optimism with which he contemplates the present position of democracy and the nebulous organisation of the British Empire.

"The Constitutional Development of Australia", by F. L. W. Wood, M.A., Lecturer in History in the University of Sydney.

Geo. G. Harrap & Co. Ltd.

ESSAYS—IMAGINATIVE AND CRITICAL

By GEORGE MACKANESS and JOHN D. HOLMES.
(Angus & Robertson)

Here is a collection of Australian essays which everyone should have on his shelf. The Editors have made their selection, not according to the strength of the scent of gum-leaves in the individual essays, but according to their estimate of the general literary worth of the material. As Walter Murdoch points out in "On being Australian", Australians have the same right as the inhabitants of any other country to be interested in things which belong neither to Australia nor to any other particular country, but to the world at large.

As a result, the reader is surprised at the range of material presented to him. If he be a carping critic, he may wonder why certain writers such as Hardy Wilson, are not represented in the book; he may insist that other extracts from the work of Henry Lawson should have been selected; while if he be of the detestable kind that seeks for printer's errors, he may wonder whether Dorothea Mackellar in her essay "Not Understood", really did speak of "slightly differentiated species of the same *genius*". Such a person, however, should be consigned to outer darkness.

Here is a collection of essays well chosen, and evidencing considerable literary skill. It is a relief to feel, on reading H. E. Boote's "Martin Place", and the first half of the essay of Dorothea Mackellar already referred to, that imagination and humour are alive in Australia, and that good Australian literature, while it may include, is not limited to wide, open spaces, swaggies, strong language and strong drink.

A.S.W.

"SCIENCE AND CULTURE"

To the Editor

of "The Australian Quarterly"

Sir,

It seems that the opening up of discussion on this subject has been successful, to the extent of stimulating interest and reaction. I propose to take the first opportunity I can get of making a further substantial contribution to the discussion; but that is impossible for me at this time of the year. Meanwhile, it seems necessary to make some preliminary reference to two points in the December article. (With the positive part of that article I largely agree—as I entirely agree with the main positions in Professor Laby's article in the June number).

I.

In the last complete paragraph on p. 69 (December), the writer refers to my article (September), in these terms: "The title and the text both (imply) a separation of knowledge into two quite separate departments, and a separation of intellectual people into groups of those who are cultured and those who are scientists". (The earlier part of the same paragraph seems to imply that the writer of the September article belongs to a category of "people" who are "cultured" but not "educated". This is the kind of jibe that should be avoided in serious discussion. Actually, as I shall indicate later, if the December analysis had to be accepted, I should, in terms of it, have to regard myself as "scientist" and "educated"—both, more or less—but not "cultured"; but that analysis is, in no respect, mine, and I disagree strongly with it.)

"Science and Culture"

My "title" (like the December title) implies, in itself, no more than that the terms "science" and "culture" are not synonymous. (Would anyone suggest that, as ordinarily used, they are synonymous?). And the "text" of my article (1) deplored "divorce of Science from Culture"; (2) made some attempt to analyse causes of the divorce which (it is agreed) exists; (3) affirmed that Mathematics—"the one absolutely exact science"—is potentially "the most perfect instrument" of Culture; and (4) put up an almost impassioned plea for "happy reunion of Culture with the scientific spirit of this age"—on the pattern of Ancient Greece. At all points it dealt specifically with Science and Culture, rather than with "people" who are "cultured" or "scientists" (by no means the same question).

(Before proceeding to the second specific point, an autobiographical note may be pardoned—in so far as it is strictly relevant. My own training has been very predominantly "scientific". My secondary school* was one of the very earliest—if not actually the pioneer—of science schools in Great Britain: the foundation of the school was almost virulently anti—"classical"—Greek being absolutely debarred. The staples of our education were Mathematics, Chemistry, some Physics†, Drawing (of a variety of types), Workshop, and even some elementary Engineering subjects (of which I have forgotten the detail). With difficulty, I got in a little French and Latin (no English, because the timetable made it impossible to do that as well!). My Honours School at the University of Glasgow was Mathematics and Natural Philosophy; but I was fortunate in my subordinate subjects: Latin (with G. G. Ramsay), English (with A. C. Bradley), Moral Philosophy (with Henry Jones). I took the Mathematical Tripos at Cambridge (in the transition to which I learnt the "less Greek" than my "little Latin"—but even that has made me ever since thankful for the compulsion of

*Allan Glen's School, Glasgow: a very good school—then and now.

†Not till after my time was there such a thing as a school Physics laboratory, but we had a good Physics "theatre" and "preparation room".

“Science and Culture”

the Cambridge “Little Go”.) And I spent twelve years in full-time university teaching of Pure and Applied Mathematics. My “education” could hardly have been more definitely in “Science”: which, of course, accounts for my views.

II.

The December article (p. 71: main paragraph) says: “scientists as a body demand the use of the precise phrase and word” (the last lines of the paragraph have another touch of jibe in them: any justification there is for them is an aspect of the vicious circle of present relations between science and thought-in-general). My main thesis is the failure of “scientists as a body” sufficiently to demand **from themselves** “the precise phrase and word”: this being especially the case in the sciences with which I am most familiar, viz., Mathematics and Physics. It was in an attempt to bring out that fact that I taxed Editorial tolerance to the limit, by setting out concrete instances characteristic of these sciences, but, in the nature of the case, difficult for the general reader. I found the task I had undertaken a most difficult one; it might, no doubt, have been much better done. The article was defective, in its lack of careful definition of the two main terms: originally, I meant to begin with that, but in the event I adopted a different line of attack. In my next contribution (with your permission) I shall begin with discussion of the terms and shall endeavour to make some constructive suggestions.

Yours, etc.

D. K. Picken.

Ormond College, University of Melbourne.

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The Australian Quarterly

A QUARTERLY REVIEW OF
AUSTRALIAN AFFAIRS

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ESSAYS ON THE USE OF ENGLISH

Constitutional Association of New South Wales

Wingello House, Angel Place, Sydney

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1. To inculcate a higher ideal of national service and a better appreciation of the rights and duties of citizenship amongst the Australian people.
 2. To maintain and support the integrity of the British Commonwealth of nations and to further the development of Australia as an integral part thereof.
 3. To pursue a definite policy which is for the economic, social, industrial, and political advancement of the community as a whole as distinct from any section of it.
 4. To promote the maintenance of constitutional government in opposition to Communism and all unconstitutional methods.
 5. To organise its membership for the study of current economic, social and political problems for the purpose of reviewing and reconstructing from time to time the policy of the Association, and disseminating this policy through the community in an endeavour to remove causes of misunderstanding and ill-feeling and to bring about co-operation of all interests.
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THE
AUSTRALIAN
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The Australian Quarterly

A QUARTERLY REVIEW OF
AUSTRALIAN AFFAIRS

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THE HON. W. A. HOLMAN

The late Mr. Holman passed almost the whole of his life in active politics; he was Premier of New South Wales for a longer period than any other man, and when he died thousands mourned him as a personal friend. A man of whom this can be said must have been endowed with many great qualities of head and heart. The first of these qualities that one associates with Mr. Holman's name to-day is kindness. No one who has travelled with him through New South Wales needs to be told that his popularity was not caused solely by a genial personality, his courtesy or his many and varied interests. It sprang from innumerable acts of friendship and consideration for others, which were typical of his character and were remembered from the time when he was a union organiser until after he had been a Nationalist Premier. His success in keeping his party in office and himself at its head through crises that would have wrecked other leaders has been attributed to his ability as a speaker and his uncanny skill as a tactician; but it was owing, in an equal degree, to the affection which he inspired in the rank and file of his party. As an orator he was pre-eminent, his natural gifts had been perfected by rigorous training until he could master any audience, whether in Parliament, from an election platform or in a lecture hall. He was a keen student, able to assimilate rapidly any subject, a man of thorough and genuine culture and of invincible courage.

It is not possible to-day to assess the place of his work in the political history of New South Wales. He did great service to the Labour Party at a time when its methods and ideals were different from what they are to-day, and to Australia and the Empire at a critical period of the War. It may be as true of Australian as it is said to be of English political life—that a man may hold office for

The Hon. W. A. Holman

too long and that the one advantage of the party system is that it ensures changes of personnel. If Mr. Holman held office for too long it is certain that nothing became him better or was more characteristic of him than the manner in which he took his personal defeat. At the Bar he suffered inevitably from lack of experience, but no one can doubt his powers as a lawyer who has read the acute and thorough study of the Commonwealth Constitution embodied in his Macrossan Lectures. Mr. Holman's services to France and possibly his sympathy with Latin ideals and modes of thought were acknowledged by the decoration of the Legion of Honour, and he was never one of those who in their disappointment with the fruits of the War came to believe that the Allies fought against imaginary dangers or for mistaken ideals.

QUOTAS, RESTRICTIONS AND TARIFFS FROM A PRIMARY PRODUCER'S POINT OF VIEW

By J. P. ABBOTT.

We Graziers and Farmers find it very difficult indeed to follow the contradictory advice which we have received throughout the years of the Great Depression. First, we were told in the time of the Scullin Government and, later, in the early days of the present one, that we should produce more and more exports of Primary goods. Only by increasing our exports would Australia be able to preserve her national credit, her solvency, and her honour. Aided by abundant seasons, and very hard work, on the part of the Primary Producers, Australian exports were increased in some cases ninefold, but despite all this extra labour and effort, the value of our exports fell in sterling from £136,962,122 in 1927-28 to £83,324,817 in 1931-32. Yet, by her efforts, Australia was able to earn the following tribute from Sir Robert Horne, a former Chancellor of the British Exchequer, "it ought to be recognised that Australia is one of the few countries in the World still paying full interest on her external indebtedness."

But now the whole picture is changed, we are told that we will have to restrict our production, that Great Britain will only take a certain quota of our goods, that Tariff concessions and price will make no difference and that the British Agriculturist must have the Home Market made profitable to him.

We are informed by the Hon. S. M. Bruce that we will in reality lose nothing by this, because the enhanced price brought about by restriction will amount to so much that

Quotas, Restrictions and Tariffs from

the total amount we will receive will be more than we could have got for far more products in an unrestricted market—and we ignorant farmers wonder. To us it seems an extraordinary proposition that people can be made wealthy by curtailing production and forbidding to the unemployed and low wage earner the necessities of life. We have seen how very greatly low prices will stimulate demand in the enormous increase in the consumption of butter in Great Britain during the last eighteen months.

When artificial restriction, by means of quotas, is put into effect then inevitably must follow some plan of control by Government, which will say what acreage will be sown, who will be allowed to dairy and the amount of butter that one can produce. Instead of having efficiency and price as the controllers of whether it is economic to produce from certain types of country we will have some form of Bureaucracy telling the Farmer what he may produce or what he may not. Under this scheme of allotted quotas and restriction of production the uneconomic and marginal producer will be preserved in his production for he is already established and has some form of vested right to stay in the industry which will be preserved to him. While if the price which he obtained for his product was to be the deciding factor then the marginal wheatgrower or dairyfarmer would turn from his uneconomic production to the more profitable one of woolgrowing.

How Governments, blind to the consequences of their foolish advice, encourage people to rush into industries which may not be profitable is shown by the keenness with which the Departments of Agriculture have encouraged the pushing further and further into the Dry Areas of the Wheat Belt; the readiness to encourage Dairying in the Western Districts of N.S.W. in unsuitable country, where Woolgrowing was the natural and economic industry. The efficient Producer in the suitable country would be curtailed in his production so that an uneconomic one might be maintained somewhere else. When butter is worth 6½d. per

a Primary Producer's Point of View

lb. on the farm, as it has been recently, to the majority it is a most unremunerative price, yet I had a case brought under my notice recently where a Dairyman on the North Coast of N.S.W. was doing quite well at this figure. At a price a little higher there are hundreds of men who can carry on their farms and can better their results by herd improvement. Let us agree to these quotas and restrictions and we prevent the efficient producers from carrying on economically and at full production. The potential demand is narrowed down by enforcing an increased price by means of a restricted supply and a diminished demand instead of getting the price increase through increased purchasing power in all industries. The development of the country is retarded because Bureaucratic control methods will prevent the efficient producer from expanding and the productivity of the whole country is restricted.

So far we have regarded the policy only from the point of view of the Dominions. Let us now look at the deadly manner in which it may react upon Great Britain herself.

Firstly she is still the greatest creditor nation in the world. According to the Economist the nominal value of British long term investment abroad at the end of July, 1931, was £3,340 millions, while the market value of this was estimated at £2,610 millions of pounds. The Interest and Dividends on this vast amount of investment have to be paid by the borrowers, in the last resource, in goods. No doubt the policy of the Imperial Government is so designed, that the restriction on primary goods imported into Great Britain will not jeopardise the payment of interest on their overseas indebtedness by the primary producing nations. But these policies do not always work out in the way that they are supposed to do, and we have only to look at the case of Brazil which may become the rule rather than the exception.

In a list of prohibited articles in the British Customs and Excise Tariff 1st January, 1934, coffee appears as an

Quotas, Restrictions and Tariffs from

item wholly restricted. Coffee is one of the chief exports of Brazil and Brazil is a debtor nation. In the "London Times" of February 8th, 1934, there is an account of Brazil's debt arrangement as follows:—"Interest and Sinking Funds of the Funding Loans of the Federal Government—including the amounts funded and to be funded under the 1931 Scheme—will be paid in full. These are the only loans on which interest in full will be paid. On most of the other securities—Federal State and Municipal—interest payments will be made on a rising scale, which in the case of the higher grade will start at 35 per cent. rising to 50 per cent. in the last year of the Scheme and, in the case of less favoured loans, begin at $17\frac{1}{2}$ per cent. and rise to $32\frac{1}{2}$ per cent. Twenty-eight loans, however, which are put into the last grade comprising State and Municipal Loans, will receive no payment whatever." This is only one of the great primary producing nations, surely Britain does not want to drive the others, who have not defaulted, into the same position, by adopting this policy of quotas. A very large amount of the investment of Great Britain has been made in countries whose exports are chiefly raw products or foodstuffs. The following figures are taken from the League of Nations Balance of Payments, 1930.

Loans to Central and Local Governments Overseas.
Capital owned by residents in the United Kingdom in round figures.

Dominion and Colonial Securities	£1,060,000,000
Foreign Securities	350,000,000

The interest on dominion and colonial securities would mostly be paid as I have stated above in foodstuffs and raw materials. Therefore, if Great Britain curtails her imports from them by means of quotas they will of necessity be gradually forced into the same position as Brazil, not having enough exports to pay their interest and to obtain enough foreign exchange to obtain their necessary imports.

The Policy of the United Kingdom, throughout the Victorian period and up to the Great War, was to buy her raw

a Primary Producer's Point of View

materials and foodstuffs in the world's markets. By doing this she was enabled to keep down the cost of living to her huge urban manufacturing population. Secondly, she obtained her raw products cheaply and so was able to sell her manufactured goods at a competitive price throughout the world.

At the present time British trade is facing one of the most menacing attacks of its life: the invasion by Japan of the world's markets. The cotton goods manufacturers' idea of meeting this, was to allot to the Japanese certain areas and quotas of the world's markets, by which the British would have their share of these preserved to them. Naturally, this did not appeal greatly to the Japanese who can see the markets of the world at their feet, not only in cotton goods but in most other things too, and so they rejected the whole of the proposals. England has therefore decided to put quotas on to Japanese imports into the Crown colonies and will no doubt ask the Dominions to raise their tariffs against the same class of goods. But the Dominions are immediately faced with the dilemma that if they do this, the Japanese will curtail their purchases of raw products from the British Empire, and especially from Australia. The Commonwealth sees in the Japanese market an increasing field for Australian raw products. Undoubtedly, as the living conditions and wages of her people rise, Japan will take more and more primary goods from the Commonwealth. The great trade of England and her markets will only be preserved to her by doing what she did in the first place to win them, that is to sell in those markets a superior article at a competitive price. To do this, she must be able to supply her people with cheap food and clothing, and she must buy her raw materials to the best advantage. To put quotas and restrictions on these imports will raise her internal costs so high that she will be handing her world's markets for all time to the foreigner. Major Elliott, in seeking to rehabilitate the Home Farmer, is creating a monster that will destroy Britain as the world's greatest export manufacturing nation.

Quotas, Restrictions and Tariffs from

The third vital industry of England which the quotas will affect "as a deadly lethal weapon," to quote Sir Archibald Sinclair in the House of Commons, is shipping. Sea power, both merchant shipping and naval, is as important to Great Britain to-day as when Bacon wrote in his essays, "Surely at this day, with us of Europe, the vantage of strength at sea (which is one of the principall dowries of this Kingdome of Greate Brittain) is great."

According to the Chamber of Shipping, the British tonnage laid up in ports rose in the period 1929-30 from 360,000 to 1,593,000, while the net income to Great Britain from shipping services and port receipts fell in the same period from £130,000,000 to £105,000,000. The policy of contracting imports of raw products will no doubt have further disastrous results on the position of British shipping, both in regard to import and export carrying trade; while indirect effects on the steel and coal trades must be enormous, firstly in the cessation of further shipbuilding and secondly in the closing of coal mines due to the lesser demand for bunkers. All of which, in the end, will affect not only the nation but the farmers of England, too, who will be more heavily taxed to maintain the army of unemployed which their policy has created.

From a close reading for some months past of the organ of the National Farmers' Union of Great Britain ("The Farmer and Stockbreeder") one would incline to the opinion that the farming industry of the Homeland is suffering very greatly from causes inherent in itself.

1. Agricultural land prices still appear to be very high, vide, "Farmer & Stockbreeder," 5/3/'34—£20-£50 per acre.

2. Tithe payments on certain lands through the fall in the price of products are making the money payments under the 1925 Act very onerous.

3. Farming implements are in many cases very out of date, although this seems to be improving fast.

a Primary Producer's Point of View

4. High prices of Store Stock to the Fatteners: "Farmer & Stockbreeder," 5/3/'34—Average price of two-year-old cattle, week ending 24/2/'34, £13/4/- per head.

Surely, in justice to the Dominions, if Article 10 of the Ottawa Agreement between the United Kingdom and Australia is to apply—"That during the currency of this Agreement the Tariff shall be based on the principle that protective duties shall not exceed such a level as will give United Kingdom producers full opportunity of reasonable competition on the basis of relative cost of economical and efficient production"—then the same Article should apply to the farmers of Great Britain, before the Dominion farmer is shut out of the English market. He is entitled to demand that the British agriculturist makes his own industry one of "economical and efficient production."

Lastly, we should consider some suggestions as to how the problems of our Empire can be met. In asking for equitable treatment of their products in the British Markets the Dominions must not forget the maxim that "he who seeks equity must do equity." Can Australia honestly say that she has carried out the Ottawa Agreement in the spirit in which it was intended? Did we give Britain preference in our markets by lowering the duties against her, as Mr. Stanley Baldwin requested, or did we not raise the duties against the foreigner on 400 items of our tariff?

To the writer it appears that the Commonwealth Government is placing too big a burden on the Hon. S. M. Bruce in conducting negotiations with the Imperial Government. I believe that we should send immediately a Mission to Great Britain with full power to negotiate on behalf of the Commonwealth Government; that such Mission should consist of representatives of the Pastoral, Farming, Manufacturing and Labour interests of Australia; that they should have power to negotiate with His Majesty's Government on the following lines in consideration of free imports of Australian products to the United Kingdom.

Quotas, Restrictions and Tariffs from a Primary Producer's Point of View.

1. That the Tariff against British goods should be lowered greatly at once, and wherever possible free entry given.

2. That Australia would undertake each year to take an increasing number of Britain's surplus people.

3. That Australia would spend more money on the naval defence of the Pacific.

Apart from the possibility of making an Agreement it should be remembered that a General Election will take place in Great Britain within the next two years, and the publicity which such a Mission would be able to give the Dominions' viewpoint would be an enormous help in putting into power a Government whose policy would weld the Empire together. If the British Nation is to survive and not follow the track of Rome, Babylon and Nineveh, then we must treat each other as brothers, to live and trade together, and not as enemies whose products for exchange are deadly poisons.

—J. P. ABBOTT.

PUBLIC CONTROL OF BANKING

By JOHN A. McCALLUM.

[The article is an explanation and defence of the Australian (Federal) Labour Party's banking policy. It is not an official statement, but the writer, who was a delegate to the Inter-State Conference which framed the policy, is in a position to state what the party intends to do.]

The writer assumes that the readers of the "Australian Quarterly" want information and argument. He intends to provide both. But neither will avail unless it is realised at the outset that the subject under discussion is, at the present time, a source of emotional gratification rather than of intellectual enlightenment. Banking, which has after all some connection with cold coin and crisp paper, seems a topic eminently suited for calm consideration. Instead, we find appeals to passion and instinct.

The responsibility must be shared by the supporters and opponents of public banking. Among the advocates of a national banking system are enthusiasts with unbounded hopes and an unlimited capacity for crooked thinking. But that should not affect the judgment of any person who is capable of thinking clearly. We do not approve of slavery because John Brown attempted to destroy it by the method of a servile insurrection, or regard the despotism of Charles I as sound because some of his enemies thought the Revelation of St. John the Divine was a text-book on Constitutional Law. The intemperate zeal of the reformer is not a justification of the institution he seeks to reform. It is an indication that reform is necessary.

For the lack of candour which marks much of the special pleading for the private banks there is less excuse.

Public Control of Banking

Those who defend existing institutions do so on one of two grounds. Either they believe the thing they justify serves the public interest or they know it serves some particular interest. In the first case we expect, and commonly find, candour. In the second we find anger and appeals to prejudice. To seize on the ill-conceived project of a fanatic and pretend it is identical with a sane piece of policy is not a part that any honest controversialist needs or cares to play. Yet we find defenders of the existing banking system asserting that national control of banking must inevitably lead to inflation and that political interference is inseparable from public ownership. These efforts to divert attention from the actual policy that is being put forward suggest the selfish fear of vested interest rather than the quiet resolution of the sensible patriot.

The policy of the Australian Labour Party which has been definitely stated by Mr. Scullin is the only serious measure of reform that has been brought forward. It should be considered and criticised as a thing having a separate existence, without regard to the blatancies of a discredited demagogue whose diminished influence is confined to the congested parts of Sydney and Newcastle, or the theories of various cults which confuse currency and credit with witchcraft.

The policy of the Australian Labour Party was determined at the Thirteenth Commonwealth Conference which was held in Sydney in June, 1933. It is part of the stock case against the Labour Party that its Parliamentary Leaders are timorous slaves and its Conferences tyrannical masters. Nothing could be more untrue. At the 1933 Conference, Mr. Scullin was a delegate. Mr. Forgan Smith, Premier of Queensland, was the only person present whose influence approached that of Mr. Scullin. The banking policy that the Conference agreed on was one that the Federal leader subscribed to in advance. He spoke as "one having authority and not as the scribes." Far from being an instrument of the Conference he was its instructor and guide.

Public Control of Banking

The policy agreed on was stated in general terms under the heading "Principles of Action" as "the extension of the scope and powers of the Commonwealth Bank until complete control of banking and credit is in the hands of the nation," and more definitely under the heading "Progressive Reforms" in the following words:

"The Commonwealth Bank to be developed on the following lines:—

- "(a) A nation-wide trading bank handling the ordinary banking business of the Community;
- "(b) A Savings Bank performing the ordinary functions of such a bank;
- "(c) A Credit Foncier System for the purpose of providing advances to primary producers and home builders."*

There is nothing that savours of Sovietism or of monetary heresy here; nor is there any suggestion that the "people's savings will be stolen." The intention clearly is that the Commonwealth Bank shall be allowed to function as it functioned from its foundation until the passing of the Commonwealth Bank Act of 1924.

The party platform, however, merely lays down principles and does not state explicitly what will be done. It must be supplemented by more definite pronouncements made by the leader. These have been made and the intentions of the party are sufficiently clear. It should be unnecessary to say that Mr. Scullin is the only authoritative spokesman for the Labour Party and that Mr. Lang, Mr. Beasley and Mr. Lazzarini are not his allies but his political opponents. Leader writers in our daily papers are apparently unaware of this. Not even Mr. Lang would take Mr. Lazzarini seriously, yet his most extravagant statements

*Official Report of Proceedings of the 13th Commonwealth Conference (Australian Labour Party), page 27.

Public Control of Banking

are put forward by the daily press as "Labour's Policy" or even more dishonestly as the policy of the "Scullin Party." I may be pardoned therefore for stating in elementary terms first what the party will not do and then what it intends to do.

The Federal Labour Party will not confiscate the private banks, nor will it compel persons who have accounts in private banks to transfer their accounts to the Commonwealth Bank. It will not "cancel the charters of private banks," nor by legislation interfere with any legitimate activity of those banks. It will not pass a drag-net statute of the kind foreshadowed by Sir Stafford Cripps by which it could "deal with" the Banks by regulation. In short, it will not be silly.

The precise measures by which it will carry out its policy must be left to the next Labour Cabinet, but the general line of action is clear. The Commonwealth Bank is to be restored to its position as a trading bank in active competition with similar privately owned banks. That cannot be done merely by repealing the Commonwealth Bank Act of 1924. Since the passing of that Act the Bank has had a dual function. It has acted as a Central Reserve Bank and also as an ordinary commercial bank. But its commercial activities have been restricted because it is the policy of the Bank Board to assist the private banks. Clearly, then, if there is to be active competition between the Governmental Institution and the private banks, the control of the Central Reserve Bank must be separated from the control of the trading bank. The former will probably be left under the Bank Board and the latter placed under the Governor of the Bank who will be solely responsible for its efficient management. The Credit Foncier System will be a department responsible for advances to farmers and persons building houses in which they intend to live.

One must answer, I suppose, the objection that the nation's Bank will be subject to "political control." It would

Public Control of Banking

be easier to answer if the phrase were unambiguous. In a sense, every activity in the community is subject to "political control." If "political control" means that the bank can be placed under the management of any person or persons that the Commonwealth Parliament chooses to appoint, or chooses to empower the Executive to appoint, or if it means that the Parliament may by Statute lay down a policy for the Bank, we have "political control" now. If it means that a Labour Government will "inevitably" appoint dummy Directors and a dummy Governor, it is a gratuitous assumption. Sir Denison Miller was not a dummy. He was appointed by Mr. Fisher, a Labour Prime Minister. Mr. Scullin can be trusted to show equal wisdom in making a similar appointment. Ordinary honesty demands that members of the Federal Labour Party should be judged by their own words and acts, not by the words and acts of irresponsible theorists or of the faction which united with the conservative forces to throw them out of office.

The question of control does, however, present difficulties inasmuch as the Labour Party intends that the Commonwealth Bank shall serve the whole community. All that can be said in advance is that the principle of leaving the actual direction of banking—including the issue of notes and the granting of advances—in the hands of capable public officials with secure status will be followed. The new problems that arise, as the public bank absorbs more and more of the nation's business, must be solved as they arise. Their successful solution requires that the Bank shall be managed by men with character, ability and experience. And here, I think, is the final answer to those who fear that a Labour Government will substitute "rubber stamps" for the present Commonwealth Bank Board. The sort of man who would consent to act as a "rubber stamp" would be incapable of directing a bank. In their own interest as public men wishing to win the next election, even if no higher motive inspired them, a Labour Ministry would be compelled to put the bank under the control of indepen-

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dent men. The main difference between them and the present Bank Board would be this. They would be imbued with a desire for public service comparable to the passion for justice that distinguishes our judges. They would not be primarily the agents of private business.

The attentive reader who has followed me so far may ask: "But why develop your public bank? You admit that banking is not witchcraft. You do not regard it as the first wave of a social cataclysm. You want it controlled by capable bankers, not by political amateurs. Why not, in the immortal words of Lord Melbourne, 'leave the damned thing alone.' Why not leave banking to the private banks for ever and ever?"

My attentive reader who asks is infected with the very delusion he would condemn in a radical. He unconsciously believes that there is nothing to choose between "things as they are" and Utopia. Either let us possess Jerusalem at once or wander in the wilderness till we die! I would remind him of a remark made by John Morley, "In politics there is only the Second Best." But Morley knew there was a second best. When the shimmering mirage seen by the monetary prophets of to-day has been quite dispelled there will be seen some substantial benefits in the establishment of a great national bank.

Banking, though the private bankers profess to regard it as a mere business—you buy and sell loans they say as you buy and sell bread or beer—is marked off from every other type of enterprise by two characteristics. One is that it exercises some measure of control over other enterprises. The other is that it brings into existence portion of the purchasing power of the community.

Bankers deny that they control anybody. They, like the rest of the business community, are controlled by the immutable and inexorable Law of Supply and Demand. But

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the Law of Supply and Demand operates only under certain conditions, the most important of which is unrestricted competition. Competition is restricted in a hundred ways to-day and the control of banking is getting into fewer and fewer hands. The establishment of a powerful national bank is the surest way of ensuring competition while private banks remain in existence, and is a guarantee that, if a banking monopoly is ultimately established by the survival of the fittest, it will be a public, not a private, monopoly.

That banks make a portion of the community's purchasing power seems to me indisputable. It is never denied in the clear definite terms that an intellectually honest man would use. It is met by the specious statement that "banks only lend their deposits." Since some deposits arise from the granting of advances, this is clearly no answer. Banks certainly lend "bank credit" which is greater in amount than the legal tender that has been deposited with them. They thus make portion of their profits by bringing into existence what is for all ordinary purposes the equivalent of money. Credit may not be money but it will buy what money will buy and, if it is excessive in amount, will raise the price level just as an over-issue of notes would. Its issue is therefore properly a public function and the profits occurring therefrom properly a profit that should benefit the whole community.

Behind the hazy phrases of the most utopian credit reformers there is a solid mountain of truth. The community needs both currency and credit to carry on its ordinary business of making and selling things. This currency is lent and this credit advanced by a multitude of private agencies—ranging from the petty pawnbroker to the great joint-stock-banks. The interest bill that the community pays is a burden. The gradual transference of the whole lending and credit making business to a public bank which would need to recover only the bare cost of

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administration would lighten that burden. The Utopian demands "interest-free" loans. His watchword may be a cryptic way of expressing a reasonable objective. The interest paid on credit advanced by a national bank would enrich the community and result in a reduction of taxation or an increase in social services. The only interest that would then go to enrich private persons would be payment for the definite service of lending actual legal tender.

Finally, the extension of government banking is justified because the extension of governmental activities—whether Federal, State or Municipal—is unavoidable. The "Police-man State" has given way to the Social Service State. Herbert Spencer's starched shirt is as obsolete as Guy of Warwick's armour. If the private banks can restore the industrial system of 1860 in its entirety I will allow them their private, self-regulating, checked and balanced banking system. They know they cannot restore it. The choice is not between a private banking system, operating in the public interest at the behest of the almost divine power, Competition, but between private monopoly and public control.

—JOHN A. McCALLUM.

MATRICULATION AND THE SCHOOLS

By N. H. MACNEIL.

The educational system prevailing in this State has recently undergone a searching examination by a Committee convened by the Minister for Education, and the findings of this Committee were embodied in a report and forwarded to the Minister for his consideration. The report contains some sweeping criticisms of our public examination system, and also recommends that a Schools Board should be set up to control examinations and to exercise a general oversight of the welfare of school children.

This is all to the good, for it is unwise to assume that any system, existing or contemplated, is perfect and beyond the need of adjustment from time to time. All educational systems are experimental, and should be modified in accordance with the needs of the times. But there is this danger in making adjustments, that they may be mere tinkering's at a scheme that has radical faults, which are only concealed, not removed, by spasmodic attempts to remedy them.

The writer believes that such radical faults exist in the present system of examinations in New South Wales; that is to say, that the faults are not faults in detail, but faults in principle. What follows is an attempt to detect these faults and to suggest a means by which they may be corrected.

In the existing scheme the first public examination is the Intermediate Certificate. This examination is taken at the end of the third year of a five years course, known as the Secondary Course and extending from twelve to

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seventeen years of age. In effect, therefore, the authorities state that the secondary course is of five years' duration, and then induce pupils to break it off at the end of the third year by offering them a certificate. Fortunately, the weakness of this position is widely recognised, and it is pretty well agreed that if the Intermediate Certificate is to be continued, it must be as the final examination for a course ending at about fifteen years of age (such as the Central Schools' course in London), and have nothing to do with those pupils who start off on the Secondary Course.

The next subject for consideration is the Leaving Certificate Examination. This is a more difficult topic, not because its faults are hard to detect, but because the examination faces in so many different ways. The original intention of the examination was to see whether secondary school pupils had spent well their time at school. But it is also used to decide the winner of the two hundred free places at the University called Exhibitions. Over and above this it is used as the test to decide the winners of the University scholarships, which, broadly speaking, are awarded to the best candidates in each subject. Finally, to complete the diversity of intentions, it is accepted under certain conditions as the matriculation examination of the University.

In this situation we detect two grave confusions in principle. In the first place, the same examination is being used as a pass standard and as a competitive test. Boys who are competing against one another are doing the same work as boys who are working to reach a standard. Thus it comes about that those competing for honours are involved in a great deal of repetition of pass work which they should not be asked to do. Further, every examiner knows the entirely different approach that is necessary in examining an honour paper. What then is to be the treatment meted out to the pass papers of the honour men? The dilemma is not really capable of solution.

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The second radical confusion of principle in the Leaving Certificate is in its acceptance as a matriculation test. It is probable that most of our real troubles begin here. If it is reasonable to assume that the University authorities are perfectly justified in dictating their own standards of admission to the University, it must also be admitted that they have the right to lay down the conditions of the examination through which such admission is gained. This is exactly what has happened. Through the existing Board of Examiners the University calls the tune, and all the pupils of the secondary schools dance in almost perfect time. We are thus presented with the spectacle of the great mass of secondary pupils following courses demanded by matriculation requirements, whereas only about five per cent. of those pupils actually enter the University. Why is this? The answer is clear. The Schools must, even to the exclusion of other subjects, include in their curricula the subjects demanded by the University matriculation regulations. The pupils, knowing that, if they take these subjects, they may not only get their Leaving Certificate but their matriculation as well, rise to the bait and take these subjects to the exclusion of others better suited to them. Consequently, the business community, finding that many boys entering commercial life are possessed of the matriculation qualification, even though they are not going on to the University, begins to demand that applicants for employment shall have matriculated. And so it comes about that the entrance examination to the University has become a commercial asset, and the anomaly has arisen that the pupil who wishes to enter business takes a course designed for those entering the University.

This is not merely a case of preparation that is somewhat wide of the mark, a preparation that might be justified by the plea that education so received is at any rate a liberal education. The effects go far deeper; for it is this identification of a school examination with a University examination that has given to our secondary education its purely academic character and divorced it from the needs

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of the community as a whole. We cannot shut our eyes any longer to the fact that from our secondary schools is pouring a throng of boys who, in their heart of hearts, are likely to have snobbish ideas of what work befits a gentleman. They are recruits to the black-coated brigade, and compete for clerkships in the city, because there is nothing else for which they are trained to compete. The argument that these boys have at least had a liberal education is true only to a limited extent, for many, perhaps most, of them would have gained far more of the true spirit of liberal education from studying subjects which awakened in them a love of study. These boys might have been given a greater chance of following their bent.

It is fair to say, then, that the University dominates the curriculum of the secondary school, and that the link through which it makes its domination effective is the Leaving Certificate in so far as it is accepted as a matriculation standard.

If, then, we reconstruct our educational system on an ideal basis, what shall we require? The old mistakes can at any rate be avoided, and it would appear to be wise to insist first of all that any school certificate examination established should be an examination with the single object of testing the work done at the schools; and for that end it would probably be best to hand over the whole of its administration to the school-masters. In the second place, competitive examinations should be dissociated from pass, or standard, examinations. Thirdly, the matriculation examination should be kept separate from any examination that is concerned with testing the standard of work reached by the whole body of school children. At the same time (and this is an important point) a connexion between school and University must be preserved, for it would be a grave defect if these two departments of our educational system were unconnected.

With these four principles before us, we may make a start. The Intermediate Examination need not detain us.

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It may be relegated to the position outlined above, and so drops out of the secondary scheme. To clear the field, we shall need to dispense with the Leaving Certificate also. In its place we substitute a School Certificate taken at the end of the fourth year, not at the end of the fifth year as is the Leaving Certificate. This School Certificate would be entirely a pass test, set and corrected by school-masters. In the fifth year, that is, the year after the School Certificate, boys would study for a further examination conducted entirely by the University and called the matriculation examination. This examination would be competitive in all its aspects. On its results would be determined the University Scholarships, to be awarded to pupils who do outstanding work in individual subjects; the Exhibitions (on a restricted scale) for general excellence; and the successful matriculants, who would be determined by grading the candidates and granting matriculation to a number corresponding to the number of vacancies existing at the University.

It will be noticed that this scheme avoids the inducement for everyone who does the School Certificate to attempt at the same time the matriculation "in case he may require it." It thus safeguards the school curriculum from the inroads of the University. Further, it does not mean a lengthening of the period spent at school, with the consequent drain on the parent's purse. At the same time it gives the University a place in the purview of the schools, and places the University in the satisfactory position of being quite free to set its own standards. Matriculation now becomes the highest object of the schools, not, as now, a means of canonising mediocrity. Indeed, this point has long seemed an anomaly, that the highest educational institution in the land should recruit its members from any other than the best pupils in the schools.

To say that the suggested arrangement would shut out from the University many deserving cases is equivalent to confessing that the entrance examination, known

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as matriculation, would be harder than the subsequent examinations. There is, therefore, no reason for regarding as harsh the suggestion that matriculation should be the culminating point of school work; nor in the suggestion that it should be competitive in character. For in most institutions it is usual to allot as many places as there are vacancies, in the belief that the staff will deal best with those numbers for which it is prepared. But in the University under the present system any number may matriculate without regard to the capacity of the University, with the result that classes become overcrowded. The competitive system of matriculation would be a boon to the teaching staff at the University. It would not only keep their task within bounds, but it would tend to raise the standard of those with whom they were dealing.

One question that is sure to be raised might as well be dealt with here: What benefits to the work of pupils would accrue if this scheme were adopted? The answer has two aspects. From the point of view of the schools and of the University there would be the very decisive advantage that their functions would be clearly defined. Each would be working on an unambiguous principle in point of the examinations they would be called on to set. From the point of view of the pupils the advantages would be at least as marked. The pupil taking the school certificate would be taking an examination devised by people who understood him and his standards. The pupil taking the matriculation examination would be following a specialised course selected by himself. The pupil who was repeating the matriculation year would be free from the necessity (which exists at present) of preparing to sit again for a series of pass papers which he had already negotiated in the previous year.

As we have mentioned at this point the specialised course to be taken by would-be matriculants, it is time to describe broadly the nature of such a course. At present the University demands for matriculation a pass in four

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subjects drawn from well-defined groups which have been designed to ensure that matriculants shall have received a liberal education before they can matriculate. With the aptitudes of the candidates the University is not concerned. It would hardly be disputed that at present matriculation may be gained by a process of cramming, so that the real object of the present matriculation examination is defeated. The difficulty arises from the fact that the University is trying to test what has been done at school, and this should not be the function of the University. The proper test of school work should be the school certificate, and it is the school certificate that should be the warrant that a pupil has received a liberal education. The University should be concerned with the search for special aptitudes in the candidates for matriculation, and, provided that a candidate has passed the school certificate, the University should be only too eager to let him make his way by virtue of his special gifts. The eagerness to shut out the barbarian from the University is really due to a growing feeling that he will not be liberalised if he gets into the University; and this in turn is due to the change in the nature of Universities in general in the last few decades. The old University concerned solely with culture is gone. This is an age of specialisation, and culture must tend more and more to be derived from the contacts made in following up some particular line of research. The modern University is something like a technical school, and possibly one of the greatest problems confronting our Universities to-day is the manner in which a technical course may be given a cultural treatment. But it is most unlikely that liberal education can be promoted by a system of compulsory subjects at matriculation. Such subjects are bound to be regarded as something to be got over as quickly as possible. It would be much better to recognise the *fait accompli* and to liberalise, not despite specialisation, but through it. The matriculation test, then, might well be confined to an examination in the mother tongue and in two groups of two

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subjects each, the widest possible latitude being given in the selection of the groups.

It is not desired to touch on the question of the nature of the school certificate beyond saying that it should be made as liberal as possible by giving recognition to the almost forgotten subjects of art and hand-work, and so helping to bridge the unfortunate gulf between the academic and the practical. The school certificate will serve the community best if it is related to the community's needs, and at the same time it must be sensitive to the demand of the University that it should stand for a cultural education, and particularly for that type of education that whets the appetite for learning. This consideration suggests the possible revision of the demands made upon children by the curriculum, and particularly revision of the inveterate habit of treating literary subjects as they would be treated in the advanced classes of the University.

In conclusion it is interesting to note that both in England and in Scotland this question of matriculation is giving concern. In February last the "Times" published the following statement: "The report of the investigators of the School Certificate Examination has now been for a considerable time before the Universities, as distinct from the examining bodies set up by them. So far as present indications go the University of London will not adopt the recommendation of the investigators that exemption from its matriculation examination be no longer granted on the results of its school certificate examination. A deputation from the higher education sub-committee of the London Education Committee not long ago appeared before the Matriculation and School Examinations Council of the University to urge that the status quo be maintained. It is probable that the Universities of Oxford and Cambridge also will reject the recommendation referred to above. The Northern Universities, however, seem likely to adopt it."

"The Scottish Educational Journal" of February last also reads: "Much progress is being made with the policy

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of substituting the School Leaving Examination for the matriculation examination. The Board of Education and the newspapers are trying to popularise the School Leaving Examination with employers. This is where the trouble has been. Employers have got into the way of asking a boy leaving school and applying for a job whether he has matriculated. The whole educational world is now trying to get it into the head of employers that matriculation is an examination for boys who are going on to the University, that it is an entrance examination, and that what employers ought really to ask for is not whether a boy has passed an examination to qualify him for what he never intends to do, but an examination that will show that he has had a good secondary education. The complaint of educationists here is that this demand for matriculation puts the Universities in the position of dominating the curriculum of the schools, and schools to-day are wanting to shake off that bondage and make their own courses. . . . The matriculation fetish has lasted far too long, and it is hoped that the present campaign, which has influential backing, will help in destroying it."

—N. H. MACNEIL.

CULTURE AND SCIENCE

By D. K. PICKEN

(The Master of Ormond College, University of Melbourne)

1. A previous article on this subject¹ discussed certain relations between Science, Culture and Religion. It dealt mainly with failure of the mathematical and physical sciences to express themselves accurately and precisely, in certain important respects. In this article the approach will be from the opposite aspect, viz., that of Culture; but the first requirement of the further discussion is to define one's use of these terms—in order to minimize the danger of such misunderstanding as has already occurred² and to ensure the necessary basis of common ground for the writer and his readers.

2. The discriminating ideas are to be found in the modern philosophic trinity: Truth, Goodness and Beauty. The concern of Science is essentially with Truth; that of Religion (of the Christian Religion, at any rate), essentially with Goodness; that of Culture, essentially with Beauty. But there are no clear-cut lines of demarcation. Truth and Goodness are but different aspects of the one ultimate reality: truth and error (true and false); right and wrong; good and evil—how nearly related to one another are these fundamental antitheses. Truth is one kind of goodness; and Goodness is fundamental truth—its significance for us being that it is true to the ultimate nature of things (that being of the essence of Christian faith). And Beauty is not a thing apart from Truth and Goodness:

¹*The Australian Quarterly*, No. 19 (Sept., 1933), p. 75.

²See *A.Q.*, No. 20 (Dec., 1933), as commented on in a letter by the present writer in No. 21 (Mar., 1934), p. 125.

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it is "sign and seal" of ultimate reality—the "outward and visible sign" of the "inward and spiritual grace" which Truth and Goodness represent. There is aesthetic satisfaction in human achievement in either of these two fundamental realms: joy of discovery and of the "passion for truth"; "beauty of holiness,"³ and "the peace of God which passeth all understanding" (the perfect peace which is one mode of perfect joy). The "sense of beauty" is, indeed, an endowment of the spirit for discrimination of the ultimately good and the ultimately true. When properly cultivated, in conjunction with "sound common-sense" (which is the most fundamental quality of human spirit), it should become the final arbiter in matters of goodness and truth. When the poet wrote the lines (quoted at the end of the previous article)—

"Beauty is truth, truth beauty,—that is all
Ye know on earth and all ye need to know"

—and the still more famous line,

"A thing of beauty is a joy forever"—

he gave incomparable expression to the essential unity of the philosophic trinity ("three in one, and one in three").

Hence it is that the term Culture comes to have the breadth of meaning which is characteristic of its modern usage. It has come to mean all of human striving and achievement upon which the sign of beauty and harmony has been sealed: all, therefore, of truth and goodness that can be so described. A learned person (scientific or otherwise) is not necessarily "cultured"; nor are men and women, whom we call "good", necessarily "cultured"; but it is in terms of that kind of fact that the severest criticism of learning and morality, or religion, may be expressed. Truth and goodness are defective, insofar as they are divorced from beauty: just as beauty becomes barren when

³Even if this is bad translation of a Hebrew phrase, it expresses a great idea.

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divorced from them—a will o' the wisp, luring the aesthetic to danger and even to destruction.

Culture is the art of living a fully human life. It, therefore, includes all the specific "arts"; but it is not confined to them, nor can it be confined by them. Of it we may use that great phrase *humani nihil alienum*. Only in the *milieu* of Culture can Science and Religion come fully and richly to themselves; until this is realised, and definitely faced, both must fail to bring man all that he has a right to expect from them. (We proceed to discuss this further, in the aspect of Science; but the complementary aspect—of Religion—must not be lost sight of, if we are to view the problem in true perspective.)

3. The root meaning of the word "science" (*scientia*) is knowledge, in the widest and richest human sense of that word: inclusive, therefore, of what we call "Learning." But, in modern usage, the word has come to mean systematic, organised knowledge—in the fields to which systematisation and organisation are most relevant. Gradually, however—in terms of these characteristics (which are now definitely identified with the term "scientific")—the scope of Science is again widening so as to become more and more inclusive. More and more of the fields of knowledge are claiming the right to be called scientific; and this fact makes all the more significant the problem of how to make Science more cultural: of how to get from Science its maximum contribution to the sum of human culture.

It is in this context that the place of Ancient Greece, in the whole scheme of human affairs, is so extraordinarily important. For there such balanced unity of Science and Culture was achieved as the world has never otherwise known, before or since. In the story of "the glory that was Greece," the element of "Culture"—in the narrower sense of the arts (i.e., of specific aesthetic achievement)—has been over-stressed: so that many who acknowledge the debt of civilisation to Greece are unaware of the

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fact that the element of "Science," in that "glory," was even more significant—because more fundamental; while many who are interested in the scientific achievement of Greece insufficiently appreciate its bearing upon the contribution to the humane arts—of literature and philosophy and politics and sculpture—which has left such an impress upon the civilised world. There is a secret here which, if any nation of the world to-day could learn it and act upon it, would mean greatness for that nation far beyond anything the world has yet seen (especially if the even more important element of true religion were also given its due place in the national life.)

It is commonly assumed that Greece conquered the world of beauty by direct attack upon it; but it is probably nearer the truth to apply the witty saying, about Great Britain, that she won an empire "in a fit of absent-mindedness"—if we realise that perhaps only in some such way can true greatness ever be achieved. The spirit of Ancient Greece was that spirit of **doing things well**—thoroughly, accurately, lovingly—which is of the very essence of the true scientific spirit. They were faithful to the best they knew: more particularly, to their sense of beauty—cultivated as being even more important than the physical senses, to the best scientific work. They let the sense of beauty be their guide to the things of most value—and to the value of their own work; and it is probable that the results they so achieved were as surprising to them as they still are to the world. It is "God" that gives "the increase" to such labours; and "the increase" is always amazing.

They set themselves to say exactly what they meant, about all the things that matter most; and they produced the greatest perfection of language the world has yet known. They gave themselves to the careful study of form and magnitude; and did the most amazing pioneering work in mathematics, on the basis of geometry (which is the right basis): still a model of mathematical thought, grounded in commonsense, to which modern mathematical

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science—with its endless ramifications and developments—might return with advantage. (Their love of form also led them, along another line, to mastery in the plastic arts.) They gave accurate observation and careful thought to the phenomena of Nature; and made remarkable advances in the physical, astronomical and biological sciences. Perhaps most of all, they gave careful thought and systematic study to the problems of human life and destiny; and produced schools of politics and philosophy that have never been surpassed in quality.

The spirit was scientific, through and through. The product was Culture—broad and wide and deep. This is the lesson our world most needs, at the end of its Age of Science, if it is to reap the fruits in an age of richest Christian culture—such as we have every right to expect, but no certainty of bringing into being.

4. The paramount need of our day, with its vast areas of knowledge accessible to the human mind, and its unprecedented rapidity of advance into new regions of knowledge, is accuracy of thought and expression up to the measure of Ancient Greece. Thought and expression are yoke-fellows, which must pull together. (Language and thought are, fundamentally, not two but one, in the human mind; though they can to some extent break away from one another.) Thought is not thought through, nor thought out, until it is adequately expressed. Looseness or slovenliness of expression—characteristic of so much writing, especially in the mathematical and physical sciences⁴, today—necessarily means loose screws in the mechanism of the thought expressed: it is only a matter of time till such defects, if left uncorrected, must bring the mechanism to a standstill. (Of course, they are eventually corrected; but all too laggardly.) On the other hand, painstakingly accurate expression—especially where great pains are necessary to the attainment of accuracy—means corresponding

⁴See the September article, pp. 79-83 and the Appendix to this article.

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clarification of thought, and brings great reward in opening up new lines of advance. It is not too much to say that half the problems of modern science—at any rate, of those sciences with which the writer is intimately acquainted—are not real problems of the science at all, but are man-made by failure to think-and-express efficiently, where there is no sound reason for such failure. Moreover, this remarkable thing is true: If pains be taken to compass exhaustive treatment, to the point of perfection, where that is possible, viz., in the fundamentals of a science—which are nearly always very simple—the consequences in the whole structure of the science are just such as result from laying foundations “well and truly”: but astonishingly so, because the true structure of a science is not man-made; it is intrinsic structure—as of an organism—which man “feels after, if haply he may find it,” and expresses (well or ill).

5. The medium of expression is two-fold. First—and, of course, fundamental—ordinary language. A prime necessity is that the scientific worker should be really well-educated in this first essential of education, the skilled use of his native tongue: scientifically educated in it (to put it that way), so that he can use it efficiently, and even skilfully, as an instrument of precision—and, beyond that, as much of literary training as possible. This would mean revolutionary change—not to be brought about by “compulsory English” at (fifty per cent) “Matriculation” standard, but by constant reading and writing, under critical guidance, what the learner really understands or is genuinely interested in. The cultural influence on Science of such a revolution—and the reaction upon general culture—would be such as it “hath not entered into the heart of man to conceive.” (There are, of course, many men of science who have had a really good general education—or have so educated themselves; but it is far from being the rule, as things are in the educational world to-day.)

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But there is, besides, the specific language of science: the language designed and constructed to meet the specific requirements of the several sciences. For this, the first demand is that it shall be regarded simply as a natural extension of ordinary language for specific purposes; and, for the more descriptive type of science, it is sufficient to insist that it shall be adequate from that point of view: that it shall conform to the true canons of language-in-general. But for "the exact sciences"—which are the fundamental sciences—the position is different.

6. A science is "exact" insofar as it can be made subject to mathematical analysis. Mathematics is the one and only absolutely exact science. Being the medium of expression of scientific theory, where that is most scientific, it is itself a kind of secondary language: it has characteristic symbolic forms, other than those of ordinary language—with its single-letter "words" (as in the characteristic algebraic use of $a, b, c, \dots x, y$), its single-symbols for phrases (such as $=$, for **is equal to**), and so on (in endless elaboration, with the development of the science). The development of mathematics has, in fact, been strictly in accordance with the invention of adequate notation for the expression of its ideas: witness, e.g., the long retardation of the groping after the right notation for "the natural numbers"—through the Greek use of letters of the alphabet, and the Roman systematic notation (based on certain letters of the alphabet) to the modern "decimal" notation, long delayed by failure to introduce a specific symbol for **nought** (and to recognise **nought** as itself a "number" of the system). At its best, the notation of mathematics is as near as possible to perfection: e.g., the Leibnitz notation of the Infinitesimal Calculus⁵ was nothing short of inspiration (it has proved so adequate to developments which Leibnitz himself could not have anticipated). At its worst, there are still the gravest blots of imperfection: e.g., the nomencla-

⁵I.e., the Differential and the Integral Calculus and their modern developments.

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ture, and some of the operational notation, of the general number-system of mathematical analysis (terms like "rational," "real," "imaginary"—all of which were ill-conceived, but are now "dug in"; and the notation for "roots" and "logarithms"). Its economies of expression are little short of marvellous: as, e.g., in the proper scientific use of "infinitesimal" (which just does **not** mean **infinitely small**)⁶ and of "differential" (an extraordinarily elusive but extraordinarily important conception)⁷. Its technique of The Infinite is a thing all by itself in the realm of human learning (the philosophic importance of which is still unrealised, while philosophers grope blindly after modern physical ideas which are not yet near the stage of philosophic clarity).

All this, in the one field of absolutely exact thought, requires exact usage of the language of mathematics, to the limit of human capacity: such exactness of usage as is not, of course, possible in any other field of expression. And if this discipline of exactness is practised, in strict correlation with language-in-general, the reactions in exactness of thought and expression elsewhere are by no means the least (perhaps they are the most) valuable contribution of Mathematics to Culture. But such exactness of expression is not practised: it is "found difficult and not tried"—even in Pure Mathematics (the science of "number"), where loosenesses of expression are conventionally tolerated because shielded off from the criticism of general culture

⁶"Infinitely small," used in a precise sense—of a number—could only mean *nought*; an "infinitesimal," in precise mathematical usage, is a *variable* which is varying, through ordinary (finite) values, to the value *nought*—in a "limit" proposition.

⁷One of the most remarkable instances of such economy is the use of the sign " $-$ ", as quite perfect notation, with three distinct but, of course, closely cognate meanings, viz.: *minus*, *negative*, and *opposite* (and of the sign " $+$ " with the two meanings *plus* and *positive*). To read " -1 " as "minus one," or " $y = -x$ " (from $x + y = 0$) as " y equals minus x ," is sheer illiteracy, however highly sanctioned: it should, of course, be "negative one" and "opposite of x ," in respective cases (*positive one* and *negative one* being "numbers" which are "opposite" to one another, etc.; *positive one* and *negative two* "opposite in sign," etc.)

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(and so become an impassable barrier to the man of general culture); and in the physical sciences the position is ever so much worse, because of the inveterate habit of confusing physical quantities with the numbers which are their "measures."⁸ The consequences of these, originally quite venial, offences are in the end extraordinarily serious; and the loss to Culture, tragic. For the claims that have been made for Mathematics as training for acuteness of the mind—so far from being exaggerated—have as a rule fallen far short of the mark. Its possibilities in that sense will remain unplumbed till it and its physical applications have been given their full cultural content of exactness and have consequently yielded their full harvest of cultural value.

7. A scientific age which culminated in world war, and has ended in chaos and confusion—of true and false, of right and wrong, of good and evil, of beauty and ugliness, of culture and vulgarity, of efficiency and incompetence, of power and futility—can hardly flatter itself that it has solved the human problem. But the fault is not that it has been scientific: rather that it has not been scientific enough.

The way of solution is the way of Science-and-Culture—followed through, to the ultimate issues of Religion. Pursuit of truth, under regulation by beauty—to the point of goodness (sanctioned also by beauty)—is the true way of advance. Beauty of expression, in word and deed and life—beauty of achievement, in the external world and in the things of the spirit—beauty of corporate living, in economic relationships and in the whole social order: that is the keynote of a great future.

In terms of some such ideas, is it again, in our day, "bliss . . . to be alive, and to be young . . . very heaven."

⁸See the September article, especially p. 82.

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APPENDIX.

Two good modern cases may be added to the "random examples" given in the Sept. article, pp. 79-83:

- (i) On "*Space-Time*" (see p. 85 of that article):

There is the utmost confusion, in the literature of the subject between the (as yet half-formed) conception of the "four-dimensional manifold" of Space-time (3-dimensional in Space, 1-dimensional in Time) and 4-dimensional graphical (or geometrical) expression of facts about it. The 4-dimensional "graph" is, of course, purely spatial; and characteristics of it are not necessarily significant in relation to that which it is being used to express: nor, on the other hand, is the graph necessarily the best way to express all the significant facts about Space-time. But failure to observe consistently the elementary distinction between physical quantities and numbers—or, again, lengths—by means of which they are specified, makes almost impossible the subtle accuracy which is necessary to clear thinking, in this new field of extremely abstruse ideas.

- (ii) In the highly important practical subject of *Telegraphy and Telephony*:

Here the basic theoretical problem is expressible by two "simultaneous differential equations" (in terms of quantities which are, of course, all of the "number" type—being the "measures" of the physical quantities involved in the actual problem); and these equations happen to lend themselves to solution by a purely mathematical device: not the only, but by far the best, way of solution—leading in the best way to facts of great practical significance. But—because of failure to make the fundamental discrimination between the physics and the mathematics—distinguished engineers are to be found trying to press into physical form facts of which the significance is purely mathematical—and, in the process, dragging in geometry, which has a certain (more or less basic) relation to the mathematics, but no relevance whatever to the physics: hence making "worse confounded" the confusion that would not exist at all, if sufficient attention were paid to elementary accuracy and precision.

A very striking example of the man-made problems referred to in §4 of the main article.

—D. K. PICKEN.

THE OLD MACHINE AND THE NEW AGE

The Need for Parliamentary Reform.

By **THE HONORABLE W. S. KENT HUGHES.**

The war period was remarkable for the number of monarchies that disappeared; but the post-war period has seen an even more rapid decline in the number of democratic assemblies in the world. In fact the nations seem to have entered upon an age of experiment in government, in which dictatorships are easily the most popular form at the moment. Almost alone among the nations of the world, the British communities still cling to the ancient forms of their legislatures, but even these stand in great danger and will probably be considerably remodelled before very long. To deny that there has been a general decline in the prestige of Parliament is both foolish and dangerous. Such a decline has taken place and in Australia it implies a general dissatisfaction with the methods by which the country is governed. In view of the fact that Australia is a large new country with a small population and with an enormous debt, crushingly high taxation, a very high tariff and an extraordinary concentration of population in the cities this discontent is not surprising. The criticism of democratic assemblies is, if anything, heard less in Australia than elsewhere, but it is nevertheless growing very rapidly. Even the Australian Broadcasting Commission has included in its programme six lectures under the imposing title "Is Democracy Doomed?" If the speakers merely criticise the governments of other nations instead of analysing the strong and weak points of our own a great opportunity will have been lost. No historical student has to search for

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a long time for the reasons why Romans prefer a dictator in a time of crisis, or why the Germans supported Hitler. National traditions and temperament are important factors in determining such matters, and Britons would be well advised to study their own problems rather than criticise the solutions, which other nations are proposing for themselves. The demagogues, who see nothing but "Shirts" in Fascism, and a "Jewish pogrom" in Hitler, or "American Advertising" in Roosevelt, are often the greatest betrayers of British Democracy in that they are the very people who will destroy it by causing its degeneration to Mobocracy, or by resisting necessary changes will pave the way for more violent action. Democracy is not young. It is, at least, as old as Aristotle and probably much older. It cannot even be clearly defined, as it has many forms. In British communities a system of democratic government has been built up, which has proved to be most suitable to the British people during some very severe and recent tests, but it is not perfect. No system in which human nature plays an integral part ever can be perfect. Neither is it static. The facility with which the Britisher has constantly moulded his system of government to meet new conditions has been one of the reasons for its stability and success. Neither is it entirely British. The foundations began in Norman Feudalism. The construction was greatly influenced by the German Reformation, and even the later structure was largely modelled on that of the towns of the Hanseatic League.

Let us therefore approach the problem of Parliament and Reform with the fact in mind that Britons prefer evolution to revolution, but are too proud to learn from others or too timid to experiment in this New Age or Machine Age with all its concomitant new problems. This is not an Age of Failure but of Achievement—so great, that for the moment the Machine has run away from Man, the inventor. A little serious thinking and courageous action, a little corporative thinking and Christian action is all that is necessary for Man to regain control. Mr. H. G. Wells said that civilisa-

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tion was facing a race between education and chaos. In some countries, notably Italy, Germany and Russia, the chaos has preceded the cosmos. From the former has arisen the latter, a new world or a new nation owing to the action of one individual or a group. In British communities there should be sufficient education to avoid the chaos, to listen to appeals to reason rather than fear (the chief weapon of the demagogue), and to mould the present system to future needs without waiting for the complete breakdown of the machinery of government.

WHAT IS WRONG WITH PARLIAMENT?

In order to suggest remedies it is necessary at the outset to diagnose the disease. Parliament has failed lamentably of late in both Federal and State spheres in two main directions:

(1) It has not focussed public attention on the important issues of the day, but has all too often drifted along on an endless stream of "disjointed discursiveness." (2) The Parliamentary machine has been unable to handle efficiently modern problems with their mass of detail, generally of a very technical nature.

All too often the parish pump is mistaken for the State Rivers and Water Supply, and all too often members become entangled in a maze of technical detail instead of deciding the broad general issues. Some of the more radical reformers desire to reduce Parliament to a machine that merely records "aye" or "nay" on such matters as the Executive may place before it. This would destroy much of the usefulness of the Legislature, and allow sweeping changes of policy to be made without proper public discussion and criticism, the main safeguards of British democracy. It must, however, be admitted that there is much truth in Mussolini's criticism, that Parliaments are mere talking shops. The liberty of public discussion has become very often the licence to talk. This in turn has led to the use of the "guillotine," which in New

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South Wales in particular could and has been known to prevent proper debates on important bills. Both of these two complaints mentioned, however, refer only to Parliamentary procedure, which in many respects is archaic. It also seems a pity that under present conditions the abilities of private members are either not utilised at all, as usually happens on the Government benches, or else are turned into the unproductive channel of blocking necessary legislation by talking, if the members are in Opposition.

There are, however, other major defects, which are less easily remedied than defects in Procedure and which are decidedly more dangerous. The complete domination of the Labour Party by the industrial organisation is tending towards a dictatorship from the left by a committee at the Trades Hall, not responsible in any way to the electors. The discipline exerted by this non-representative body has led to other parties adopting the same tactics in modified forms in self-defence. If the enemy uses poison gas, you must also adopt similar undesirable weapons at least in part. The result has been a rapid growth of sectional interests, which threaten not only the body politic but the community itself. Government is largely a system of carefully devised checks and balances, but if the system allows full play to this sectional warfare, then human nature being what it is, faction fights must supersede communal interests. This is perhaps the greatest handicap to progress in Australia to-day. Individual initiative and enterprise are driving forces of tremendous value but they must be subordinated to the good of the nation. Community spirit must supersede class war, sectional selfishness and individual desire for gain, and Parliament is the only body that can effectively control these elemental forces. The question of Parliamentary Reform must be considered from four aspects:

- (1) The Functions of Parliament.
- (2) Parliamentary Procedure.
- (3) The Administrative Machinery.
- (4) The Personnel of Parliament.

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(1) THE FUNCTIONS OF PARLIAMENT.

A very common fallacy, that exists in the minds of many people, is that Parliament actually governs the country. This is untrue. Parliament controls the Executive, but the latter is the governing body. The Executive and the Legislature have separate and distinct functions.

The duties of the Legislature can be summed up under four main headings:

1. To direct the spotlight of public attention upon the important problems of the day.
2. To levy the taxation necessary for government by the Executive.
3. To obtain redress of popular grievances.
4. To pass such legislation as may be necessary to enable the Executive to administer efficiently public affairs.

Although Parliament has not been fulfilling these functions properly in recent years there is no necessity to amend the powers of the Legislature, though owing to faulty procedure its power to control revenue and expenditure has been very much diminished. On the other hand mass production in industry has necessitated increasing regulation by the State in spheres which, under the Laissez-Faire system, were considered to be outside the realms of control by the Executive. Industry is tending more and more to develop along the lines of group control, which should lead to increased efficiency, but where the action of such groups conflicts with the general good of the community the State through the Executive must regulate it. For this reason the Legislature has been giving increasing powers to the Executive so that this regulation can be effectively exercised. Further development along these lines may be expected.

(2) PARLIAMENTARY PROCEDURE.

The reforms in procedure approved at the Young Nationalists' Conference at Healesville March last are as follow:

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1. That every Parliamentary session should be planned so as to allow proper but not unlimited time for debates on

- (a) Finance.

- (b) Major legislation dealing with such matters as
 - (1) imposition of a new charge on the public
 - (2) creation of new offences
 - (3) constitutional changes.

- (c) Other legislation, such as Amending Bills, Land Bills, etc.

- (d) Redress of Grievances, etc.

No major bill should be allowed to be "time-tabled" unless it is introduced within the first four weeks of the session. An emergency bill of this nature should, if necessary, be dealt with by a special session.

2. That in order to save time, and reduce Hansard reporting the Committee stages of all non-contentious minor Bills when necessary; and, if desirable, some of the stages in the case of major bills should be dealt with by special committees, "upstairs," instead of "downstairs" on the floor of the House. (See also resolution re Economic Advisory Council.)
3. That the Standing Order concerning the reading of speeches should be enforced and that the Minister introducing a bill should, if necessary, circulate explanatory notes on the clauses at the time of delivery his second reading speech on the principles contained in the bill.
4. That Standing Orders should be revised in order to eliminate minor but useless forms of procedure, such as the first reading of bills, etc.
5. That in order to prevent undue political turmoil no government should resign unless defeated on a major matter of finance or a direct vote of censure.

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The first resolution is an endeavour to eliminate the obstructive tactics employed in the House. How can the habits of "disjointed discursiveness," which Lord Eustace Percy complained of in his evidence before the recent Committee on Procedure in England, be overcome? If the causes of the evils can be discovered, it is easier to suggest the remedies. Undoubtedly the main reason for much weary obstruction and dilatory discursive debates arise from the fact that members and even Cabinet Ministers rarely know how much business will have to be dealt with, and what time there will be to attend to it. Non-contentious and urgently desirable legislation is therefore often debated at tedious length in order to prevent other bills being brought forward. The early part of the session is wasted in repetitive speeches, and the last two months are devoted to legislating by exhaustion, with a host of "slaughtered innocents" (bills not dealt with) at the end. A properly planned session with a due proportion of the time allotted to Finance, Legislation (Major and Minor) and Grievances is essential. Major bills should be introduced early in the session and time-tabled so as to allow proper but not unlimited time for debate. If an urgent major bill has to be brought in later, then a special session should be called to deal with it, or it should be "time-tabled" only with the consent of at least a two-thirds majority of the House. Furthermore the financial debates would be, under this system, far more instructive and useful than at present, when they are usually jammed in at convenient moments.

The second resolution recommends the adoption of the "Committee System" in order to save time and also to give private members more opportunity to do useful work. It is not necessary in this article to give any detailed description of the Committee system, the general principles of which are already well-known. The method, usually adopted in Australian parliaments of taking the committee stage of every bill on the floor of the House is not only a waste of time, but also deprives many private members of the possibility of being employed in useful work.

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The third resolution is to prevent the disinterestedness caused by ministers reading notes, prepared by the heads of their department.

The fourth resolution is a general one covering a multitude of minor sins, which in the aggregate amount to more than one major error. Such matters as a bill which is dropped in one session being taken up again at the same stage in the next, ministers being able to speak in both Houses but only vote in one, etc., all come under this heading.

The fifth and last resolution is to prevent what is known in boxing parlance as shadow-sparring, i.e., a government will often use a minor defeat as a major crisis, if it suits its purpose or again will threaten to resign in order to gain votes. On the other hand the Opposition often seeks to create a minor victory into a major one, because of the prevailing idea that loss of prestige is entailed in any adverse vote on any subject.

THE ADMINISTRATIVE MACHINERY.

The sixth resolution at the Young Nationalists' Conference laid down that

“ . . . there should be established by gradual steps a first division of the Civil Service recruited as a general rule from University graduates chosen by competitive examination of the highest academic standard and by personal selection such recruits being placed with such salaries as will prove equivalent to the rewards of the professions which such persons now enter.”

In some States and in the Commonwealth Civil Service there are certain examinations for this purpose, but in Victoria the standard is the school leaving certificate. School boys and girls are urged and often assisted by scholarships to proceed to the University, but after completing their courses there are few if any vacancies for them in the Public

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Service, except in the Education Department. Professor W. K. Hancock in his book "Australia" sums up the position by saying that these students then proceed to teach other bright pupils to become teachers. Owing to the rapid development of economic nationalism, which is the logical outcome of other nations adopting Australia's tariff policy, more and more difficult problems and more and more important work confront the senior officers of every department. It is all the more necessary therefore that the qualifications of the officers of the First Division should be as high as possible.

THE PERSONNEL OF PARLIAMENT.

Some critics argue that the reform of the personnel of Parliament is urgently required, and can be done by making politics more attractive to the right type of man, whoever he may be. This seems wrong in principle and almost immoral. If a man will only be interested in politics, because the way has been made easy for him, then it would be better if he remained where he was. If something is wrong with Parliament then it is the duty of all citizens who are interested in their country to assist in putting it right, not to wait until the job has been done, and then graciously condescend to take part in the government. The soldiers did not ask for the mud to be cleared out of the trenches before they would man them. Every public-spirited citizen should give whatever time and thought he can to assist in solving the present pressing problems.

Other critics favour the abolition of the existing artificial territorial electorates, and would prefer members to be returned as vocational representatives. In these days of rapid transport and swift communications it is probably quite true to say that the grouping of the community is in vocational units, not territorial, and representation on the former basis would certainly avoid the violent swings which occur to the Right and to the Left as the result of relatively unimportant catch-cries at election time. Whether its adoption would lead to a better national spirit or increased sec-

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tional selfishness it is hard to say. The seventh resolution of the Young Nationalists recommended that

“... an Economic Advisory Council be appointed independent of but subservient to Parliament to whom all bills dealing with trade and industry should be referred after they have passed the second reading. In many cases this reference would take the place of the Committee stages of the Bill. The Council would report back to Parliament. Other powers of initiating investigations and reporting on economic matters should be granted to such a body.

“(It is suggested that such a Council might be composed of representatives of employers and employees in Agriculture, Manufactures, Commerce, Banking and Insurance, and Transport, together with representatives of the Professional Group.)”

The idea behind this resolution was that Parliament, as at present constituted, is not well-equipped to deal with many of the technical problems with which it is confronted, and that an experiment on this line might be very valuable. Such a Council would do away with the appointment of many expensive commissions, boards and committees of enquiry, which once appointed seem loathe to disband. Furthermore, it would be an experiment along the lines of vocational representation without leading to any violent changes. The Upper Chambers would of course be retained. It has been suggested that the Federal Senate is not fulfilling its original functions, but no resolution was passed on this matter.

CONCLUSION.

The whole spirit of the Healesville Conference was a recognition that this New Age had brought a host of new problems, but that the Old Parliamentary Machine could and should be altered in order to regain its efficiency. The task of reconstruction is not a simple one but it would be made much easier if every day were an April 25th—in other words a greater development of the “corporate” or “Anzac”

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spirit is necessary for a successful solution to all our problems. The spirit is, however, useless without an efficient instrument of government. The modern business man has had to reconstruct his organisation, and use new machines, and there is no reason why Parliamentary organisation should not be similarly overhauled. What was ideal for 1832 is not necessarily still ideal in 1932, though at the same time old methods which have stood the test should not be hastily or ruthlessly discarded.

W. S. KENT HUGHES.

DEMOCRACY OR DICTATORSHIP: IS IT A REAL ALTERNATIVE?

By W. G. K. DUNCAN.

Shallow minds accept short-cut remedies for their problems. Democratic principles have failed to achieve their first fine promise: let us, therefore, scrap them, don a coloured shirt, and hasten along the road that leads to Moscow, Rome, Berlin, Vienna Madrid? Even worse, lazy minds fail even to recognize that they are faced with problems. They cling to slogans, and fine-sounding phrases, congratulate themselves on their choice of parents, and rest content with the glorious traditions they have inherited. The shallow-pated prattle about "dictatorships": the flabby-minded imagine that "democracy" has been achieved. What do these terms mean, what are their comparative merits and costs, and are they necessarily contradictory?

Democracy, as I understand it, means more than a system of government. It is a point of view, or a scale of values which results in a philosophy and a way of life. It is, at bottom, a respect for human personality, a belief that human beings should be regarded as ends in themselves, and should not be regarded as mere tools to achieve the ends and purposes of a privileged and powerful few. We all profess such a respect for our fellows, but few of us really mean what we say, for the implications of such a respect would, if acted upon, transform society as we know it.

In the first place, it implies that the principal object of all government is to increase the happiness of the people, and that everyone has an equal right to share in this happiness. This idea is accepted nowadays as self-evident and

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commonplace. But it really is immensely important, and when it was first put forward it meant a revolution in political thought. It took the American and the French Revolutions to make the belief at all widespread that the principal object of government was the happiness of all classes and individuals. In the Middle Ages it was generally conceived to be the chief duty of governments to enforce religious uniformity. And it was not until the 19th century that the belief declined that governments were entitled to maintain a social system in which certain classes had special rights and privileges. In our own time it has frequently been noted that the leading spokesmen of countries, which have reverted to undemocratic forms of government, will openly or covertly deny that the equal happiness of all classes should be the chief concern of public policy. A militarist government will exalt the claims of national power and prestige, and will foster the claims and privileges of the military and aristocratic classes. Likewise, Fascists and Communists, who are openly contemptuous of democracy, maintain that everything—including the happiness of individual people—should be subordinated by the government to the attainment of some cherished social order, such as Fascism in Italy, Communism in Russia, and the Third Reich in Germany.

Springing directly from this respect for human personality, is a belief in the equality of men. Democracy implies that citizens have equal **rights**, or equal claims on the good things of life, which society is organised to produce and foster. Notice that the realm in which the democrat claims equality is that of civic rights, not that of talents or abilities. The criticism of men like Aldous Huxley and H. L. Mencken—that modern biology has established beyond all doubt that men are born unequal in health, strength, intelligence and artistic ability—is, therefore, completely irrelevant to the democratic thesis. Political equality has nothing whatever to do with biological fact. It is rather an ethical evaluation, and a principle of social organisation. It is an attitude of mind which says that in

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governmental affairs everyone should be treated as an individual, as a human personality, and, as such, men are equal in value. In the eyes of God, or cosmically, says the Christian, everyone from beggar to millionaire, counts as one; in the eyes of the State, or politically, says the democrat, everyone from Duke to dustman, should count as one. The Law Courts treat a murderer with blue eyes and a murderer with brown eyes as if they were equal and identical, because differences in eye-colour are clearly irrelevant to the problem of preventing homicide. Similarly, political institutions can treat citizens, with all their manifold physical and mental differences, as equal and identical for the wider purposes of social organisation.

Democracy, I am arguing, is a belief that all citizens have an equal right to happiness. It implies, therefore, universal franchise and a representative system of government. Unless everyone is able to articulate his needs, and press his claims on the political authorities, exploitation is bound to occur. Government by a privileged group has always meant that the rest of the community was depressed and stunted. With the greatest good-will in the world, the privileged few have sooner or later come to define "social welfare" in terms which entrench their own privileged position. It is not so much that they become corrupt and dishonest, as that they suffer from a fatal self-sufficiency. An aristocracy of birth, wealth or creed becomes deaf to ideas and aspirations which originate from outside its own governing circle. It tends to regard as unimportant, such ideas and aspirations when they are urged with tact and moderation, and as dangerous, when urged with vigour and passion and determination. In neither case are the ideas and grievances listened to, or understood.

Democracy, then, implies the right, and even the duty, of every adult to participate in that unending debate by which content is given to the notion of "common weal." Democracy means government by the free give-and-take of public discussion. It not merely tolerates, but it insists on

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an organised Opposition in its Parliamentary machinery, and (in theory at all events) it encourages a free and independent Press. For only from such a volume of discussion is it likely that the one-sidedness of particular views will be revealed, and a principle of common action discovered. Notice the word "discovered." The purpose of discussion in a democracy, as Lindsay has shown, is to find something out, rather than to register consent. "Consent" can always be manipulated—witness the farce of recent elections in Germany and Italy. The real democrat is afraid of cheap and ready assent. Elections which give an overwhelming predominance to any one party, are generally the parents of bad government. The dominant group in Parliament is not called on to justify its actions, step by step, to reason, and persuade and conciliate. It brushes aside criticism by an unthinking use of its voting power, instead of examining carefully the validity of the criticisms voiced. Politics should partake, to some extent, of the process by which truth is discovered in science. Scientific hypotheses are tested and enlarged by criticism and discussion, and the real scientist is particularly anxious to hear what can be said **against** his theories.

Democracy assumes that every member of the community has something to contribute to public affairs, if only it can be got out of him. This implies energy, sustained interest, and a training in effective participation. It regards public affairs as the supreme opportunity for popular education and the enlargement of the minds of its citizens. It affirms, in this connection, that "good government is no substitute for self-government." Good government here means efficient administration, and the moral is that there is more in government than mere administration. There is the determination of policy, the choice of ends towards which social organisation should be directed. These are spiritual problems, and, in this realm, technical expertness is no guarantee of wisdom. But a self-governing community must be reasonably efficient in its administration, or it will collapse. Even if we regard as vulgar and con-

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temptible the admiration of the Fascist regime, which is based on no wider grounds than that the trains now run on time, we must realize that a regime which fails to keep the trains running at all, will end in social chaos, and complete breakdown.

So much, then, for the cardinal ideas of democracy. A word now concerning the merits and defects of a dictatorial form of government. Its outstanding merit is that it can act swiftly and decisively. It does not have to wait to placate opposition, and to win support by persuasion. It "gets things done." The things it does, of course, may be foolish and unjust, but when the mood of a country is for action, to cope with a national emergency, people prefer even blunders to the lack of courage to do anything at all. As far as we can judge at this distance, it looks as though President Roosevelt is still backed by an overwhelming majority of Americans, despite his mistakes; whereas Mr. Ramsay MacDonald is steadily losing support, because of his inability to develop any positive policy whatever.

A dictatorship, however, has three fundamental defects. In the first place, it suffers, as I have already indicated, from a fatal self-sufficiency. It becomes inaccessible to outside criticism; the "social welfare" it aims at comes to be interpreted in a narrow way, to suit the interests of the dominant group. This breeds dissatisfaction and, eventually, revolution. The odds are that this sudden change will be accompanied by violence, for dictatorial governments tend to be rigid and unyielding, and lack the device of a general election whereby radical changes may be peacefully effected within a democracy. This inability to deal peacefully with grievances is the second major defect of an undemocratic form of government. The third is that it tends to stunt the development of the mass of the people. By confining authority and responsibility in the hands of the few, it denies to the many a priceless opportunity for the development of character and social intelligence. Participation in public affairs is the supreme form of education.

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Democrats are generally content to justify their faith by pointing to the much greater evils of any alternative form of government. They argue that, whatever the defects of democracy, it does at least allow less room for the insolence of irresponsible power, and provide less temptation for the exploitation of the many by the few. Such an argument is perfectly legitimate, but it has had the unfortunate result of blinding democrats to the weaknesses of their own system, and to the special conditions which its successful operation demands. One of these conditions is that the voters shall be sufficiently interested in public affairs to form their own opinions, and sufficiently energetic to keep their representatives up to the mark. In practice, nothing has been more characteristic of modern democracies than the apathy of the electors, and the enormous inattention of the rank-and-file to the dishonesty and irresponsibility of the Party machine. Again, democratic government assumes the freedom of the Press. In the sense of freedom from governmental interference and censorship, this has long been achieved in Western countries (except, of course, in time of war). But in the sense of freedom from biasing and distorting the news by powerful interests, and freedom for the expression of every point of view, the Press has never been less free than during recent years.

Most importantly of all, democratic government assumes that beneath party bickerings there lies a "oneness," a sense of community, which will prevent differences from becoming final and ultimate; which will spell compromise, and result in a reasonable amount of "continuity" in governmental policy. Nowadays, class differences seem more pronounced than a sense of community, and continuity in policy is conspicuous by its absence. This is no accident, nor is it easily removed, if the ends at which the Parties are aiming are in fundamental conflict. To use an analogy: if one Party wishes to go North, and the other East, then there is some prospect of a compromise being agreed to, that they shall both go, roughly, North East. But if one Party wishes to go North, and the other wishes to go South,

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then the only resolution of these two forces is when one overcomes and smashes the other. And the smashing of opposition groups spells Fascism or Communism, not democracy.

It is clear, therefore, that however preferable democracy may be in theory to dictatorship, it cannot hope to survive unless it can handle successfully the peculiar problems of the modern world. The chief of such problems is that, despite some concessions in the way of social services, inequalities in wealth and power seem to be increasing. It is this contrast between formal political equality and actual economic inequality, this discovery that representative government makes little difference in the life of ordinary men, that is at the root of the crisis within modern democracies. It may well be that the democratic ideal, of an equal right to happiness of all men, will be sought by the very unorthodox method of scrapping Parliament, and electing a dictator. What I have in mind here, of course, is the example of Roosevelt. It would not take much to convince working-class men that they should support a leader, in whom practically unlimited powers should be vested for a period of years. Provided this leader was popularly elected, and provided he had at some time to account back to the people for the measures he had taken, few people would grieve very seriously at the abandonment of our representative machinery of government. I am not arguing that this is a good thing: personally, I should be among the grieving few, for I believe that certain highly important functions, such as the ventilation of grievances, can best be performed by Parliament. But the mood of the public seems to be one of great impatience with the inability of Parliament to cope with economic distress, and a resulting willingness to back any alternative which promises to "get something done."

In other words, men may be prepared to give up many of their liberties, in order to obtain a greater measure of equality. They may begin to emphasize the social philosophy which underlies democracy rather than its machin-

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ery of government. They may come to argue that there are dictatorships **and** dictatorships—some good, some bad; that all dictatorships are not to be dismissed, simply because they spell discipline and restraint, because the constraints of poverty within a political democracy may be far more galling and unnecessary. Men may reconcile themselves to the similarity between the methods of Fascists and Communists, but argue that the important difference is between the ends at which they are aiming.

G. D. H. Cole has expressed this point of view, in the following words: "The dictatorship of Hitler and Mussolini is based on leaving unaltered the existing economic relationships in society, and thus preserving the inequalities of income and status which render democracy impossible; whereas the dictatorship of the Communists, though it has not yet by any means accomplished its purpose, is directed to the obliteration of these inequalities, and therefore to the creation of conditions necessary to make democracy a possible system. In Germany and Italy there has been a great suppression of thought, but no corresponding liberation of thought as a result of the Nazi and Fascist revolutions; in Russia, on the other hand, while there has been, and still is, a great deal of suppression of the freedom of speech and writing in particular directions, there has been, to set off against this, a tremendous liberation of freedom in other directions, as a result of the disappearance of the grosser forms of economic inequality, and of the sense of social inferiority which exists in all societies divided into conflicting social classes." Cole therefore argues that "in spite of the dictatorship, Russia is to-day, taken all round, a far more democratic country, not merely than Germany or Italy, but even than, say, France or Great Britain. It is more democratic because there is in it more sense of equality, and in the ordinary man's mind, more assurance that his contribution counts in the making of the social future, and that he has as good a right as anyone else to make his voice and opinion felt."

Is it a Real Alternative?

This rather lengthy quotation from Mr. Cole expresses very well a point of view that has spread very rapidly during the last two or three years. Even if we do not share it, we should be foolish to ignore it. It makes us view democracy much more realistically; it reminds us that the essence of democracy is not the machinery for registering votes and forming governments, but is, at bottom, nothing more or less than respect for human personality. A community based on such respect would be one in which there was "sufficient approach to equality of income to rule out entirely the possession of any one man of a power, by virtue of his wealth, to exercise a preponderant influence over the lives and opinions of other people." Thinking in these terms one is brought to a sharp realisation that democracy is not "in being," but only "in the making"; and that people who label themselves democrats must prove their sincerity by showing how democracy can be furthered and hastened.

At the same time, it is only fair to remind people like the Socialists and Communists, who are openly contemptuous of our so-called democratic system, and who denounce it as a sham and a fraud, that they frequently over-state their case. If our present social order is completely undemocratic then there are no important differences between pre-Mussolini and post-Mussolini Italy, or between Germany under the Weimar constitution and Germany since the advent of Hitler. That, I think, is clearly false, and dangerously misleading. We are far from enjoying complete, or even adequate, freedom of the Press in democratic countries, but at least newspapers may be published expressing divergent points of view. They are not compelled, on penalty of suppression, to echo the views and wishes of the government of the day. Similarly with regard to freedom of speech and writing, with the administration of justice, and the control of education. Having denounced our imperfections in these matters, in superlatives, our critics become speechless and incoherent when confronted with the methods of Nazis and Fascists.

Here, then, is a dilemma which confronts the modern world. How are our steps towards democracy to be pre-

Democracy or Dictatorship: Is it a Real Alternative?

served, and further steps taken, in the midst of a calamitous economic depression? The need for strong, decisive action calls for the concentration of power and authority. The drift everywhere seems to be towards a dictatorship. But the whole spirit of a dictatorship is dangerously exclusive and authoritarian. Individuals tend to be regarded as mere means to such ends as national power and glory, as in Germany, or the divine mission of Italy. Such an outlook is fundamentally alien to that respect for human personality which is the essence of democracy. But so does a social order, based on wide disparities of wealth and power, spell the frustration of human personality. If, then, dictatorships are the only way in which economic inequalities can be lessened, we are likely to witness the paradoxical spectacle of determined democrats abandoning constitutional methods—or, at least, the traditional forms of them—in favour of dictatorial methods. “Through Authority to Freedom” may become the new faith, for in the absence of authority partial freedom spells futility and mutual frustration.

—W. G. K. DUNCAN.

AUSTRALIAN REPRESENTATION IN JAPAN

By I. CLUNIES ROSS, D.Sc.

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Consideration of the future relations of Australia and Japan, or indeed any Far Eastern country, is limited, almost invariably, to those aspects of our relations influenced by trade and commerce.

It is true that our future commercial relations with Japan offer potentialities for discord no less than for development profitable to both countries, and as such merit the closest attention. More particularly is this concentration understandable when, owing to the growth of economic self-sufficiency in Europe and even in the British Isles, what was formerly seen as an ever-expanding market for Australia's primary products in the Occident may be expected to exhibit increasing contraction rather than expansion. As a result, one school of thought in Australia, though not yet a large one, looks to the Orient for compensating markets for those primary products with which Australia from geographical propinquity is singularly suited to supply. Even in the face of Japan's vigorous and successful efforts to supply her own needs wherever possible, of which her estimated wheat production for 1934-35 of 90,000,000 bushels affords such a striking example, there appears every justification for increasing efforts to exploit the Eastern Market.

A larger school of thought, however, devotes increasing attention to our trade relations with Japan in the hope, not of developing our exports but of limiting or even excluding Japanese imports, which in the popular estimation

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are thought to threaten our industrial future. Popular agitation fails to observe any sense of proportion in such matters and as was seen during the current year is little disposed to remember that while the value of Australia's exports to Japan increased by nearly 20% those of Japan to this country increased by a little more than 5%.

In the common preoccupation with purely commercial factors there is a common tendency to ignore the importance of diplomacy in our relations with the Far East and particularly Japan, and this in spite of the fact that there is every likelihood of what are now purely commercial relations becoming extended and inevitably merged with those of diplomacy. Australia, in part as the fruit of her general lack of interest in International affairs, in part as a general characteristic of young democracies, has shown little disposition to concern herself with diplomacy or its frequently somewhat intangible benefits. Such an attitude was indeed understandable up to the outbreak of the war when we were still actuated by the existing conception of Imperial unity and interdependence. It is no longer so in the light of the post war evolution of Dominion status to something which, in all but name, is, in the eyes of the world, that of a sovereign state. In one sphere in particular, that of Japan, is it almost incredible that Australia has until the present year given no evidence of her appreciation of the fact that in the very special circumstances of her relations with that country diplomacy may play some part in the preservation of harmony. Incredible in the face of the fact that a great body of Australian opinion would assert that for one reason or another, for reasons substantial or insubstantial, reasons based not infrequently on fiction, but sometimes on fact, there is a greater threat to Australia's security from Japan than from any other power. That the writer does not subscribe to such belief does not make it less true that a majority of Australians do honestly, if mistakenly, believe that such dangers may arise in our relations with Japan. Accepting such a position, it appears little short of suicidal that while con-

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tinually stressing these dangers we make no effort to understand their underlying causes and take such steps for their alleviation or removal as are found possible by scientific enquiry.

Before considering specific measures to achieve these ends let us deal very briefly with two of the outstanding factors cited as likely to disturb the relations of this country with Japan. Firstly, there is the incontestable gravity of Japan's population problem of which she is supposed to seek a solution by large scale immigration, for which purpose the vast unoccupied spaces of Australia are thought to be infinitely desirable. Secondly, there is Australia's policy of immigration exclusion, which with deplorable lack of diplomacy in view of her special position she has chosen to announce to the world as her **White Australia** Policy, of which the social and racial implications have been stressed rather than the economic justification. Involved in this pressing need of Japan's and Australia's contrasted population problems and the latter's immigration policy, we have what is usually considered the fundamental basis underlying their whole relations. Whether Japan's supposed desire to settle large numbers of her population in Australia has substance or not it must be admitted that there exists in such a situation the most inflammable material available to the propagandist and the trouble maker. To appreciate this one has only to consider what capital the more irresponsible London press, for example the "Daily Express," could make of such a situation were the supposed roles of Japan and Britain reversed. Here then is a problem which awaits diplomatic solution. What are the most obvious contributions an Australian representative might make towards alleviating the acuteness of such a situation?

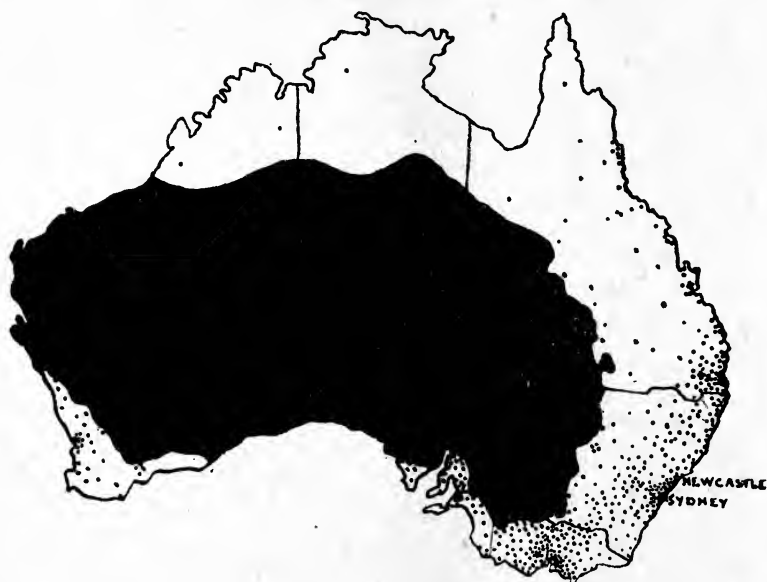
Firstly, much might be done to counteract any popular misconception in Japanese minds of Australia, as she was at one time thought by her admirers to be, as a second United States, with the potential capacity to support a hundred million people. Given such a belief then our present population of six and a half million, of which four-

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fifths are clustered about our Southern and South Eastern coast line constitutes a sufficiently exasperating sight to a country of which the capacity is strained to breaking point. What are the facts however? That over a third of our country has less than 10 inches of rain and, while it may not be desert in the normal connotation of that term, will never be anything but sparse, pastoral country carrying at most a sheep to 5-10 acres and possibly 20 cattle to the square mile, while the great bulk of it will carry much less.

MAP OF AUSTRALIA SHOWING DISTRIBUTION OF POPULATION AFTER DEDUCTION OF AREA WITH AN ANNUAL RAINFALL OF UNDER 15".

EACH DOT REPRESENTS 5000 PERSONS



Take out this area and Australia, though still not overpopulated, is less aggravating to a land hungry people. If we extend the area of sparse pastoral land to that having less than 15 inches, which, though not strictly justified by Australian standards, would certainly include country almost all of which, in the absence of irrigation and exclud-

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ing the West Australian wheat belt, would be totally foreign to Japanese conceptions of Agriculture, then Australia, but for its Far North, becomes not a compact economic unit, but an area with a population which though small is no longer a gross offence.

The writer himself has had experience of how striking this conception of Australia's potentialities is when recently he gave a Japanese sheep buyer some idea of just how desirable the central 1,000,000 square miles of the Commonwealth was from an agricultural standpoint, and what was the real significance of the innumerable rivers and blue lakes with which his excellent map of Australia—purchased in Sydney—was profusely striated and which suggested that it was as well watered as his native Japan. Such misconceptions could be easily modified not by obvious propagandist methods but by private conversation with influential Japanese, through the innumerable public and semi-public statements for which an Australian representative, alive to the needs of a situation, would find opportunity.

Again, much could be done to remove the worst features of our Immigration Policy should it ever receive that attention from Japanese publicists which to date it has largely escaped, but which the needs of some future situation might serve to focus on it. It can be maintained, with what truthfulness we need not enquire, that the underlying basis of our White Australia policy is not any avowed or implied racial inferiority of the Japanese or any Oriental people, while the operation of the Act of 1906 may apply, and has applied, no less to Europeans than to the Japanese, that having in mind the limited potentialities of Australia we are anxious to preserve that standard of living which is largely the fruit of the efforts of our ancestors and which it is our responsibility to conserve. Such an attitude the writer has found to be understandable and inoffensive to Japanese, though not necessarily constituting a complete justification for such a policy in their eyes. There is,

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moreover, the fact, seldom appreciated, that at least till the depression Australia, thanks in part to immigration but principally to her low death rate, had one of the highest rates of population increase in the world.

The above is a very superficial discussion of some of the directions in which Australian representation in Japan might serve to diminish the more obvious causes of friction and increase understanding of our problems. Space does not permit one to deal with the innumerable complications arising out of tariff policies and other trade factors of which diplomatic action might do much to lessen the asperities. It is no less true that Australia needs a new understanding and appreciation of Japanese problems and the characteristics of her great people.

What are the arguments usually opposed to the appointment of an Australian diplomatic representative in Japan? Firstly, that present representation indirectly through Whitehall and the British Embassy is adequate. It is obvious that this cannot be so since it necessarily involves the merging of specific Australian problems with general Imperial interests, and fails to provide specialised knowledge of Australian conditions and problems arising out of them. That such representation is not adequate to-day, either from the standpoint of commerce or diplomacy, the British Embassy Staff in Tokio would be the first to admit. Secondly, that diplomatic representation is unnecessary for Australia in spite of the special and delicate nature of her relations with Japan, though every other country has found it to be necessary not merely from considerations of *amour propre* but as a matter of practical politics, of which the commercial advantages are not the least.

Finally, there is the objection of the cost of such representation. When we do not question the wisdom of spending an extra million or two for a new cruiser, additional aircraft, *et cetera*, it is surely but common sense to spend, say, 1% of this expenditure for diplomatic repre-

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sentation in that country with which our relations constitute the ostensible justification for armament expenditure. For £10,000 per annum diplomatic representation in Tokio on an adequate if modest scale could be effected.

THE FORM OF DIPLOMATIC REPRESENTATION.

So far as the form of representation in Japan is concerned, it is not thought that an Australian representative with say the status of Counsellor and attached to the British Embassy in Tokio would be adequate or desirable. Not only would such an appointment invite invidious comparison with the very comprehensive Canadian representation, but it would not carry that weight and influence which would be accorded to a fully accredited and independent representative, nor facilitate direct negotiation between the Governments of the two countries, which is one of the most essential requirements. Attached to the Legation Staff, since it is anticipated that the Australian representative would carry the rank of Minister, there should be at least a commercial expert with the rank of Commercial Counsellor, and a Counsellor of Legation, both of whom, but especially the latter, should have an adequate knowledge of Japanese and have specialised knowledge of the country and Japanese characteristics. It is obvious that initially considerable difficulty would be experienced in finding, both for Japan or for similar representation in China, Australians who were otherwise suitable and who possessed the necessary language qualifications. In this connection, with the establishment of permanent representation, it would be highly desirable that attached to the Legation there should be a succession of young men who as language students for a three years' term should be given the opportunity of acquiring a thorough knowledge of Japanese, with the subsequent possibility of their becoming (a) permanent members of the Legation Staff, (b) commercial representatives in Japan, (c) officers of an Oriental Secretariat of the External Affairs Department at Canberra. The third avenue of employment suggested for such language

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students or cadets involves the development of an Oriental Secretariat at Canberra with experts both in Chinese and Japanese language and affairs to enable the closest liaison to be maintained between the Government and their representatives both Commercial and Diplomatic in Japan or other Eastern countries.

Australia, both from her geographical position and the trend of world economy, appears destined to find increasing importance in her relations with other Pacific countries. With one of these, Japan, such relations may be fraught with danger or may continue to develop to the mutual advantage of both countries. In the face of such a position any policy based on apathy, ignorance or misrepresentation is unthinkable. The responsibility devolves on Australia to devote that scientific study to the special nature of her relations with Japan that their importance justifies. Diplomatic no less than commercial representation is obligatory if we are to escape responsibility for any unhappy developments in the future, while in relation to the gravity of the issues involved and as the most rational form of defence expenditure, the cost of such representation would be inconsiderable.

—I. CLUNIES ROSS.

ALTERNATIVES FOR WHEAT GROWERS

By R. G. McKILLOP.

It has very truly been said that, "One half of the world does not know how the other half lives." This saying has never been truer than when applied to the general public and the wheat growers of to-day. The former regard the wheat growers as a reasonably prosperous people, as for the most part they live in comfortable homes, keep a cheerful front, and by living largely on the products of the farm, maintain a fair standard of comfort.

It is only to those who know the actual position, with its burden of debt, and the hopelessness of producing their crops at anything in excess of the cost, that the realization comes that this struggle cannot continue indefinitely.

All the courage of the wheat farmers, all their determination, thrift, and ceaseless toil cannot triumph over the uneconomic position into which they have been forced.

The tragic fact is that under present conditions the wheat farmers can only hope to continue on their properties by utilizing the last of their fast diminishing credit, or by accepting some form of state assistance.

The question often asked is: Why do the farmers not try some other crops, since wheat growing is so unprofitable? Indeed many have side lines such as poultry farming, turkey raising, pig farming, etc., and very useful some of these have proved, more especially where local conditions have been favourable. These, however, can only be

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minor sources of income. In ordinary times the wheat grower might consider dairying or fruit growing as means of augmenting his income; but under the present conditions of these industries, no-one could recommend them. Even when conditions are favourable they have the disadvantage of being different types of rural production, and as such call for special knowledge, and also for special plant. In them there is also much essential work to be done at the time which is usually the wheat grower's busiest period. The type of enterprise that fills requirements is one which calls for no new plant, and for no great effort during this busy season.

As the farmer is usually equipped with an excellent farming plant, some activity which calls for the use of this plant at once suggests itself; and to use it to grow crops for the fattening of sheep and export lambs, offers the best solution.

Of crops which have been well tested grazing oats have given wonderful returns, and there are many new varieties which are particularly well suited for the different districts. (The district agricultural instructor will always give advice as to the best varieties for any particular district). Oats if sown early will give excellent grazing through the winter months, and then, with the stock taken off in August or September, yield satisfactory crops of grain or hay.

Lucerne is another crop which can well be grown in combination with oats, being especially valuable as it gives the green feed in summer, following the green feed of oats in winter and spring. Both crops are also particularly suitable for fodder conservation, and the farmer who makes good provision in this respect gets many opportunities of making a lift, either by selling his fodder, or by buying sheep at low prices and carrying them through a lean time, to sell in a better market when seasonal conditions improve. The latter alternative, being somewhat in the nature of a gamble, probably offers the best chance of making good

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profits. This is made possible by the fact that stock owners, as a class, are not provident in the matter of storing fodder for their stock; in consequence there are always owners who are prepared to sacrifice a proportion of their stock so as to give the remainder a better chance. For the purchase of such stock, finance is easily arranged for the farmer who has fodder reserves, and with good fortune in the breaking of the dry conditions, substantial profits may be made in a very short time.

Oats and lucerne are particularly valuable for sheep, as while giving the greatest feeding value they are also of great benefit, since sheep grazed on them through the spring are kept free from grass seed and consequently do much better than those which have to put up with the torture of the sharp seeds that irritate their skin, and often blind their eyes.

In selecting paddocks for fodder crops the farmer must keep in mind the necessity of utilising those which are best watered, and are provided with the most shelter. Good water and shelter are unfortunately two essentials which are not always available on wheat farms, but they must be kept well in mind, and the farmer must make the most of what he has in this respect.

It is not suggested that our farmers should abandon wheat growing altogether, but it is quite conceivable that should they put in half the usual area of wheat, and devote the rest to fodder crops for sheep, they would have opportunities of making income that would otherwise be denied them.

The reduction in the acreage of wheat should also be of benefit, as according to most thinkers, acreage reductions are essential to secure better prices for the wheat grown.

Alternatives for Wheat Growers

To summarize the position, we can assume that wheat growing being at the present time definitely unprofitable, a departure in part from it to the growing of fodder crops, looks a wise choice.

The quality of lambs, if properly finished on artificial crops, is always outstanding; their bloom and sappiness excite the keenest competition in the sale yards, to the benefit of the seller's purse and reputation. This topping off is a proposition that particularly recommends itself to any locality where stock sales are regularly held, the opportunity being there provided to sell the fats and to purchase the stores.

The permanent stand of lucerne is a great asset on any farm as it greatly increases the carrying capacity, it is always available to bring in some revenue, either through the sale of lucerne hay, the topping off of lambs, or for agistment purposes. Its establishment should receive attention from every farmer.

—R. G. McKILLOP.

ROYAL COMMISSION ON TAXATION

By S. MACKELLAR WHITE, F.C.A. (AUST.)

By Letters Patent dated 6th October, 1932, the Honorable D. G. Ferguson, now Sir David Ferguson of New South Wales, and Mr. E. V. Nixon, Chartered Accountant (Aust.) of Melbourne, were appointed by the Commonwealth Government "to be Commissioners to inquire into and report upon the simplification and standardisation of the taxation laws of the Commonwealth and of the States in so far as they relate substantially to the same subject matters of taxation . . . and in particular to make recommendations for the purpose of obtaining uniformity in legislative provisions including provisions relating to procedure and forms of Return."

Little time was lost by the Commissioners in proceeding with the work and public sittings for the purpose of taking evidence commenced in Sydney on the 21st November, 1932. Subsequently they visited all States and voluminous evidence was taken. Following the taking of such evidence three reports have been submitted to the Government and these are now receiving consideration. A perusal of those Reports leaves the "man in the street" amazed at the complexities which have crept into our taxation laws and the Commissioners are to be congratulated on the manner in which they have handled this most difficult subject. Nor is it any wonder that these complexities exist when consideration is given to the manner in which our taxation laws have been built up.

So far as Federal Income Tax is concerned the trouble started with the Income Tax Assessment Act No. 34 of 1915. During the intervening years this Act has been

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amended, re-amended, consolidated and revised until we have what a prominent Judge referred to as "a Statutory Joseph's coat—a thing of shreds and patches."

Probably one of the most difficult problems confronting the Commission was to devise an equitable scheme for the taxation of Company profits and dividends from Companies. While this problem has been attacked in a bold manner the final recommendation leads to a feeling of disappointment.

Five alternative bases have been examined and discussed:—

- (a) Where the Company is taxed on its total profits at a flat rate, dividends being exempt in the hands of shareholders.
- (b) Where the Company is taxed on its total profits at a graduated rate determined by the amount of such profits—dividends being exempt in the hands of shareholders.
- (c) Where the Company is taxed on its total profits at a graduated rate based on the percentage which the profits bear to the capital employed—dividends being exempt in the hands of the shareholder.
- (d) Where the Company is taxed on its undistributed income only and the shareholder on the dividends received by him without rebate. If subsequent distributions are made out of profits previously taxed to the Company a rebate of tax to be made either to the shareholder or to the Company.
- (e) Where the Company is taxed on its total profits at a flat rate and the shareholder on the dividend received by him subject to rebate.

For reasons appearing to them good and sufficient the Commissioners rejected the first four and recommended the adoption of (e) subject to certain modifications.

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In passing it may be stated that some of the reasons for the rejection of basis (d) appear strange, e.g., the Report states:

"Another material argument which may be advanced against this proposal is that considerably less revenue would be collected from Companies and Shareholders . . . if the Company were taxed only on undistributed profits and shareholders on the dividends which they received, it follows that no tax would be collected on the dividends which are paid to shareholders who are not liable to tax and less tax on the dividends paid to shareholders who are taxable at less than the Company rate . . . "

For justification of this position the Commissioners state:

"The shareholders of a Company by their association in a corporate body get the benefits which under the law are incident to incorporation and we think it not unreasonable that they should pay something for these privileges."

The benefits from a taxation point of view appear to be somewhat hard to find. On the contrary, shareholders in Companies are at a considerable disadvantage in regard to taxation inasmuch as dividends are subject to tax at property rates and to Special Income Tax.

The idea of adopting a system which will render taxable, persons, who by reference to their income are not liable to pay, will not, it is thought, be received with shouts of joy.

One of the modifications suggested is that dividends declared "wholly and exclusively" from certain profits should be exempt from taxation.

Now Company profits, from whatever source derived, are as a rule carried to a common fund out of which dividends are paid. It is considered entirely wrong in principle that a shareholder's tax should be dependent on the

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knowledge or lack of knowledge of another person. A somewhat similar provision at one time appeared in the Federal Act, but in administration hardships became apparent and the Act was altered and the words "wholly and exclusively" were omitted.

Take, for example, the recommendation so far as it relates to "Profits upon which a Company has paid tax under Section 21." Companies in New South Wales are also subject to determination by the Commissioner under a somewhat similar Section, viz., Section 31. At present any dividend paid out of profits which have paid tax under Section 31 are not subject to further tax when distributed. The determination of the State Commissioner under Section 31 never coincides with the determination of the Federal Commissioner under Section 21. It would be quite impossible for a Company to declare a dividend "wholly and exclusively" out of profits upon which the Company has paid tax under Section 21 and at the same time declare that such dividend was paid "wholly and exclusively" out of profits upon which the Company had paid tax under Section 31 (State).

Then again Section 16 (b) of the Federal Income Tax Assessment Act provides that on liquidation the shareholders of a Company are taxable on so much of the distribution to them by the liquidator as would have been taxable if the distribution has been made by a Company not in liquidation. A liquidator cannot declare a dividend "wholly and exclusively" out of anything. His duty is to realise the assets and distribute the proceeds amongst the shareholders. In this case if the recommendation is given effect to shareholders will be subject to additional heavy taxation on profits which have already been fully taxed.

Section 21.

This Section deals with the levy and collection of additional tax from Companies where a reasonable distribution of the profits has not been made to the shareholders. Prob-

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ably no other Section of the Act has caused more adverse criticism and heartburning than this, and it was confidently anticipated that the Commission would find a reasonable "way out," one which would be fair to the taxpayer. The adoption of the recommendations will leave the position, from the companies' point of view, worse than before. It is the case of "out of the frying pan into the fire."

Before arriving at their conclusions the Commissioners have analysed the position as between an individual or partnership carrying on business and a Company, but in this analysis certain vital factors seem to have either been disregarded or overlooked.

In par. 222 it is stated:

"But as a concession all companies are allowed to withhold from distribution in every year one-third of their total taxable income. Shareholders are not liable for any personal tax on their share of the amount so withheld, which bears only the flat rate of company tax."

While this statement may be quite true in so far as it relates to the year in which the income was derived by the Company the latter part is not true inasmuch as a permanent liability to additional tax attaches to the one-third temporarily withheld which will crystallise when distribution is eventually made. Another matter which cannot be summarily dismissed and which serves to emphasise the difference between the income of an individual or partnership and that of a Company which reaches the shareholders by way of dividends is the tremendous difference in the rates levied on income from personal exertion and income from property. So long as this discrimination exists there can be no real analogy between the two. In view of the above it is considered that the conclusions drawn by the Commissioners from their analysis of the position must be seriously discounted.

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The unfair position so far as a Company is concerned is further emphasised by the Special Property Tax. If in calculating additional tax following on the application of the Section "personal exertion" rates were applied to the income derived or assumed to have been derived by the shareholders **no objection could reasonably be taken to the recommendations.**

The first recommendation deals with the limitation of the Section to "Private Companies". This should be done.

Par. 253 of the Report reads:

"If the Section be applied automatically we recommend
(1) That the expression 'distributable income' be defined to mean taxable income less certain deductions to be specified in the Section.

(2) That the amount subject to additional tax should be the amount by which the Statutory proportion of the 'distributable income' (as defined) for the year of Assessment and for the four years last preceding exceeds the actual and national distributions for the like period."

It will be noticed that the Commissioners do not specifically recommend that the Section be applied automatically. It is interesting to read the view expressed, viz.: that it is probable that the automatic application of the Section would remove much of the existing dissatisfaction; in my view it would accentuate it. Where the application of the Section involves a Company in heavy additional taxation Companies would prefer that the whole of the circumstances applicable to the particular case should be fully considered.

Distributable income: par. 254 reads:

"In our opinion, the only deductions which should be made from 'taxable income' are taxes payable in Australia or elsewhere in respect of such income, which are not allowed as deductions for the purpose of determining the Company's taxable income. We see no reason why deduction should be allowed for State Income Tax payable in respect of such profits, as this is subsequently allowed as a

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deduction in the company's assessment for income tax. The balance of the distributable income, as defined, upon which the company is not required to pay additional tax should be adequate to provide for any other expenses which may not be allowed in the company's ordinary assessment."

In the past the distributable income has been arrived at by reducing the taxable income by a number of items which although not allowable as deductions in arriving at taxable income do not constitute "profits" of the Company. The effect of the recommendation will be to in many cases increase the "distributable income" considerably. So far as deduction for taxes is concerned the present procedure is to allow a deduction of the Income Tax payable in respect of the profits or the actual taxes paid at the option of the taxpayer and there is no ostensible reason why this should not be continued. The Commissioners suggest that deduction should not be allowed for "State Income Tax payable in respect of the profits." Income Tax has been held to be the Crown's share of the profits. Cases have been known where the Profit and Loss Account of the year under consideration contain no debit for State Income Tax. The result of the subsequent year's trading may disclose a loss and consequently no benefit is derived by the allowance in that year of the Income Tax "payable in respect of the profits."

One of the purposes for which the Commission was appointed was to make recommendations for the simplification of taxation. Now simplification can very easily be achieved by asking the taxpayer to forego certain "rights" which he has fought for and obtained during the existence of the tax. Taxpayers will view with mixed feelings the recommendations of the Commission.

- (a) That Bonus shares should be taxable in full:
- (b) That his "rights" in regard to rebates should be curtailed.
- (c) That the rebate at present allowed under Section 30 of the Act should be discontinued.

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- (d) That deduction in respect of wire and wire netting should be stopped.
- (e) That deduction for calls in certain Companies should be discontinued.

A prominent British statesman recently remarked: "Honesty and not expediency should be the basis of our national financial conduct." Under the heading (Section XXIX), "Discrimination on the bases of residence and domicile," the Commissioners state:

"To overcome the constitutional objection to discrimination on the basis of residence various expedients have been adopted in some States. . . . The most important and far-reaching of these expedients is the introduction of the principle of discrimination on the basis of domicile in place and that of residence. . . . Where the places of residence and domicile are not the same it is obvious that the test of domicile is improper. If however the real merit of the test rests in the identity of the places of domicile and residence in the great majority of cases then it is a mere subterfuge to evade the provisions of the Constitution Act."

Another matter in respect of which it is considered that the Commission has failed to appreciate the true position is the taxation of

- (a) Interest on American Dollar Bonds.
- (b) Interest on Securities of ex-Australian Governments issued on the basis that such interest was "free" of taxation.

Where a Government issues securities the interest on which according to the terms of issue is "free" of Income Tax it may be taken for granted that the interest payable on such securities is less than the nominal or market rate of interest, and that the difference (generally) represents Income Tax that would otherwise be payable. So far as

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the American issue is concerned the prospectus definitely stated that the interest would be payable "without deduction for taxes present or future." To the uninitiated this undoubtedly conveyed the impression that no Income Tax would be chargeable on such interest and the money was subscribed on this basis and to charge Income Tax under these circumstances certainly savors of repudiation. The Commissioners have not dealt with this aspect. It is also considered that the principle of making liable to tax interest on the instrumentalities of another Government which have been subscribed on the distinct representation of that Government that the interest is free of Income Tax cannot be justified on either moral or equitable grounds.

—S. M. WHITE.

ASPECTS OF PLANNING

By EDWARD MASEY.

The idea of planning is no new one, but has only become a serious challenge to existing economic and social conceptions during very recent years. The wide-spread suffering of the depression period has created a state of mind in a few months which the speculations of political intellectuals could not have aroused in as many years. But while dissatisfaction in regard to prevailing conditions is universal, no similar unanimity exists about the methods necessary for recovery, since these obviously depend upon the kind of recovery desired.

The problem of economic planning is essentially two-sided, since it is concerned with the production of goods in the first place, and with their distribution in the second. These are not mutually exclusive aspects, since each re-acts upon and modifies the other. It is, however, convenient to say that the objective to be achieved is the greater effectiveness of demand on the one hand, and more efficient production in response to that demand on the other.

The question of effective demand hinges more and more around that of equality, the economic necessity of which is even more important than its social desirability. The expanding productive capacity of modern industry requires a correspondingly increasing effectiveness of demand. The unequal distribution of wealth lessens the demand for necessities and modest comforts, increases spending on luxury goods (whose demand is determined by fashion and individual fancy rather than fundamental needs) and encourages over-investment and speculation. A transference of wealth from the more affluent classes to the less for-

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fortunate would increase the proportion of national income available for consumption purchases, and divert it from less useful to more useful forms of spending. It would reduce the chronic tendency towards oversaving, and reduce the strain on industry by imparting a greater degree of steadiness to the augmented consumption demand. Investment transactions would also tend to be more stable, because of the increasing number of smaller investors who would be more concerned with security of capital and income than the manipulation of quotation values.

Taxation is the first instrument in achieving equality, a progressive income tax being the socially ideal form. The chaotic and, in the main, regressive agglomeration of imposts by concurrent authorities in Australia should be superseded by a deliberately graded system levied by one authority over the whole Commonwealth. Taxes which discourage industry and employment, such as sales unemployment and land taxes, stamp duties and similar clogs, can have no place in a society that claims to be progressive. If we desire a high standard of living for our workers we cannot afford to impede the production of wealth, but must allow industry to function as unshackled as possible, and use the taxing power as an instrument for equalising the final product. A stiffly graded income tax, reinforced with luxury taxes and the utilisation of unearned increments for social purposes, should be the basis of an equitable and economically profitable taxation policy. This involves the abolition of all indirect taxes on commodities in general use, including customs and excise duties. The tariff is the most anti-social of all forms of taxation, since it is only effective as a revenue producer when levied on articles in common use among the poorer classes, and enriches small groups at the expense of the general public. Unfortunately for the workers of Australia, the most powerful defenders of tariff privilege and inequality in this country are the Labour parties, whose leaders lose no opportunity in Parliament or on the public platform to champion the worst

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forms of economic exploitation, which the tariff from its very nature breeds.

Having raised the revenue in the most advantageous manner, the government must show similar wisdom in spending it. Social services of various kinds—vocational and economic education, child welfare, national health schemes worthy of the name, pensions for the aged and infirm, a comprehensive unemployment insurance system—would divert the national income into channels which would provide the most useful and consistent markets for the outpourings of industry. Unemployment insurance (in which Australia, the “social laboratory,” lags a mere quarter of a century behind Great Britain) would have two beneficial effects at least; it would remove the injustice of the owners of capital obtaining the benefits of technical progress at the expense of the workers directly affected, and it would maintain the purchasing power of displaced labour until it was transferred to fresh employment. The contradiction which mechanisation introduces, an increased productive capacity alongside a temporary slackening in demand, would in that way be minimised. Developments of this nature must of course be financed out of current revenue, and not loans, to be effective.

The loan policy in a consciously controlled economy aiming at a levelling out of trade conditions would naturally be the reverse of that to which Australians are accustomed, being lightest in days of prosperity and heaviest in periods of depression. By pursuing vigorous loan programmes in good times Australia has created a huge army of workers with a vested interest in government borrowing, who were immediately thrown on the labour market when the tide turned against us, and probably gave a greater impetus to the deflationary process than any other single factor. The labour forces should be maintained by the normal functioning of industry, and public works of a non-urgent nature should be deferred until periods of depression, when wisely

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directed loan expenditure can effectively maintain the spending power of the community.

A programme of national finance would necessitate government budgeting on a much larger scale than at present; and conservative politicians, captains of industry, and circulation-seeking newspapers would have priceless opportunities of parading the loose and often meaningless expression "excessive burden of taxation" before an unthinking public. But the volume of government expenditure has not been excessive in the past in relation to our needs; what has been damaging is the crude and unjust incidence of taxation, and the foolish ends to which funds have often been diverted. If public taxation in the form of open assessments will be increased, falling upon those who can best afford it and benefitting those who most need it, at least private taxation, concealed in higher costs of living and enriching small sections at the expense of the poorer classes, will be abolished.

The planning authority must not be content to stand aloof from industry and merely levy judicious tolls. It must descend into the market place and direct the flow of capital and labour. In this work, the first problem is to ensure that new industry shall be established only where demand justifies its existence. A Finance and Investment Board is the first step in this direction. Its first function must be to co-ordinate and control the lending policies of the banks and financial institutions. The primary object of banks is naturally the furthering of shareholders' interests and, while these are certainly identical with those of the community in the long run, an excess of deposits often tempts the banks to embark on unsound lending programmes which stimulate boom conditions with their inevitable reaction. When over-saving or speculation is threatened, banks must be compelled to refuse deposits bearing interest, so that owners of capital must either spend their funds or invest them directly in industry. Banks are concerned with financing current transactions rather than

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furnishing new capital, and a successful Investment Board's powers must therefore be extended to cover Stock Exchange operations. It must have authority to lay down the conditions under which new scrip shall be issued, and compel compliance with them; it must be informed with a knowledge of markets, needs and industrial equipment, to enable it to indicate the directions in which capital is needed; it should guarantee that all new enterprises shall earn their profits by performing public service and not by manipulating prices, rigging markets and exerting undue influences on political parties or public authorities. In this sphere, as in the banking field, it must be able to dampen down investment when it is excessive, or finance public loans when private avenues of employment are depressed.

But the most important problem of all, that of the reorganisation of the existing industrial structure, still remains to be considered. This is our most urgently needed reform because, after all, re-employment must come in established industries supplying universal wants rather than the supplementary enterprises of new investment, even in the rapidly changing modern world; it is the most difficult because the interests which succeeded in building up the existing unbalanced economy will be no less active in preserving it. We have to face the fact that true economic recovery, which can only be said to be achieved when the productive capacity of industry accords with human wants, involves the scrapping of millions of pounds' worth of capital equipment, whose continued existence is a menace to future harmony in our economic life. The coal industry, to quote one outstanding example, cannot claim to be prosperous until superfluous mines are closed and unwanted miners transferred to other industries. The existing methods of dargs and shifts are merely devices for spreading the burden of unemployment. To what extent the loss incurred shall be shared by the community and the owners of capital is a matter of equity which can only be determined by the merits of individual cases and the circumstances which brought the capital into being.

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In Australia, the initial move in this direction is a general progressive lowering of the tariff, in accordance with a definite programme publicly announced. This can be commenced by the abolition of all revenue duties on articles in general use, and raw materials and capital goods for industry, substituting direct taxation in their stead. This would set in motion a process of reduced living and working costs resulting in a decreased necessity for protection and lower duties in assisted industries, the accumulated effects of which, continuously acted upon, would remove many of our present fiscal excesses without imposing hardship on any section.

Concurrent with this reform must go the substitution of fixed bounties drawn from general revenue for protective duties. This would prevent the over-expansion of assisted industry, since growth beyond a certain point would involve a smaller margin of profit; it would impose the necessity for progressive increase in efficiency, as the assistance could be for a known term, the amount tapering away as the period reached its close; and it would make the public realise that all protected industries are the recipients of public subsidy, the amount of which would be known and could be compared with the benefits returned. The obvious criticism of this proposal is that it would break down because the community could not carry the added burden of taxation. The answer is twofold. The scheme would apply only to genuine "infant industries" and not to the huge proportion of present day protected industry which does not need assistance at its existing level of efficiency, or which can be re-organised to stand on its feet without protection. In any case, the taxpayer does carry the burden to-day, but he pays it across the counters of Pitt Street stores instead of through the grille in Hamilton Street.

While protection must be completely withdrawn from those industries whose present or potential efficiency renders it unnecessary, the process of re-organisation must go

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much farther than that. In each industry boards of control, subject to a co-ordinating General Economic Council, are required to ascertain the extent, scope and nature of existing and probable markets, determine the capital and the methods needed to supply those markets, survey the existing resources of the industry and implement schemes to utilise them to the best advantage. The most rigid control of all must be exerted in the industries supplying basic needs such as food stuffs, household goods, and clothing, since these absorb the largest portion of the national income and consequently have the greatest opportunities for waste and inefficiency. Far greater insistence on standardisation in purely utilitarian articles must prevail in the future than has been the case in the past, in order that the community may be better able to afford variation in products where it is really desirable. Newer and smaller industries must be allowed the greatest freedom in their methods and choice of forms, since the highest development can only be attained in these by giving free rein to invention and imagination.

Control must, however, not be applied only to the primary and manufacturing industries. Naturally sheltered industries, such as the transport group, the building, printing, baking and similar trades, distributing agencies, the professions and commercial activities, are even more prone to inefficiency than others, since they are not influenced by the relative costs of similar services in other countries. No tariff policy can increase the usefulness of the railway system, reduce solicitors' fees or insurance premiums, or prevent the present shop erecting campaign in Sydney's already overbuilt suburban centres. More positive forms of control are needed to see that no banks, shops, wholesale merchants, woolbrokers, or doctors, shall be permitted in excess of public needs.

It is in this reorganisation of industry that the two aspects of our economic problems, the greater effectiveness of demand and the increased responsiveness of pro-

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duction, coalesce. Inefficiency, entailing as it does greater capital, heavier interest, maintenance and depreciation charges and higher costs of administration, reduces the share of industry's income which is available for wages. Increased efficiency, therefore, helps to solve the problem of effective demand by raising the purchasing power of the national income through lower prices, and making possible a more even distribution of wealth. Further measures, such as culling off unearned increment by means of taxation, or even the fixing of maximum prices, are still necessary to ensure its full social advantages. When industry is reorganised in this way, the maximum output will be achieved at the least expense, resources will be conserved, replacement and displacement costs reduced to a minimum, and the opportunities for dislocation through price fluctuations lessened. While the adaptability of industry will be increased through curbing the power of vested interests, the necessity for it will be reduced by the greater steadiness of demand.

To many people the danger of planning leading to an intense economic nationalism is a very real one. The industrial inter-dependence of the world prevents any nation controlling effectively its own material welfare. The Yorkshire woollen industry obviously cannot be planned if competitors in other countries can influence the prices which it must pay for its raw materials, the quantity and types of wool available, or the prices at which the finished articles can be sold; or if the Australian governments embark on a land settlement policy which changes the character of the wool clip. Similarly, the Australian wheat industry cannot be planned while European countries are imposing increasing obstacles to entry into their markets and America is threatening to deluge the eastern markets with her surplus stocks. In such circumstances it is argued that the only way to put planning into practice is to cut adrift from the rest of the world and live a life apart. I believe, however, that in a community directed in the way I have indicated, the danger would be no more real than at present.

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Trade policy would be dictated by the needs of the people and not by the pressure interested parties are able to exert on public authorities. The question, instead of being whether protection is necessary for a particular industry, would be whether that industry, artificially stimulated, is necessary for the national wellbeing. Artificial approaches to self-sufficiency, far from eliminating trade fluctuations, actually intensify them by aggravating the unbalanced and topheavy economic development which is largely responsible for them. Since economic self-sufficiency of this type automatically involves decreased productivity and a lower standard of living for the people, it would certainly be eschewed by any informed government consciously aiming at improving the material conditions of the nation. In the last resort, the question will be decided, as under the existing order, by the character, mental outlook and economic equipment of those directing national policy.

A more popular objection will be that planning of any kind is an attack upon the rights of private property. It is; but that is nothing new in civilised communities, the basis of whose social framework is the restriction of personal liberties which run counter to social rights.

It is worth enquiring whose liberties and property rights are being attacked. Certainly not those of the working classes who form the great bulk of the population—they have no property rights, and their civil liberties are very definitely determined by the economic uncertainty from which they never escape. Nor yet the owners of capital as such—the growth of joint stock companies, stock exchanges, and the interlocking of enterprises have long since divorced ownership from control in modern industry. The managers and technical experts who control industrial affairs are either responsible to themselves or subordinate to small bodies of men, nominally representative of shareholders, but more often than not a law unto themselves. All that is suggested is that the rights of this small group shall be examined in the light of the logic advanced in

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favour of private property—that they shall be contingent upon the public benefits they confer. Further, the extent to which property rights will be interfered with will depend upon the necessity for interference. No informed person will deny the existence of dislocation, over-equipment, uneven development, and unwarranted idleness in the world to-day. It is incontestable that the unfettered operation of the competitive system has failed to check the inherent tendency of the industrial machine to get out of gear and that a rigorous policy of restraint is essential if depressions are to be minimised in the future. Whether that restraint will be exercised by the present controllers of industry or the state, will depend entirely upon the capacity of capitalists to handle the problem effectively themselves.

The radical, in his turn, will heap contempt upon the programme outlined because it leaves the existing framework of society fundamentally unaltered. But I have never been a worshipper of outward forms divorced from their proper setting. Socialism is no more the solution of the problems of the twentieth century than democracy was of those of the nineteenth. To advocate socialism for its own sake, as most of its adherents do, is as futile as to defend the existing order intact in the face of problems it was never designed to handle.

Complete planning, such as that attempted in Soviet Russia, is impossible since it demands complete control of all the factors of production, many of which are natural phenomena beyond human direction, although their effects can be modified by human efforts. Nor can we escape the influence of people other than ourselves. Even although a nation may elect to deny itself contact with the outside world, its capacity to attain such splendid isolation will depend upon the willingness of others to allow it to enjoy its exclusiveness in peace.

Complete planning presupposes a static world where needs, processes and resources remain unchanged. The opposite is of course the fact. Depressions are caused,

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not through the positive vices of the capitalist system, but from its inability so far to minimise the disturbing effects of changing demands and technological advancement. Many industries are still undeveloped and many of the world's resources are still untapped. The attainment of development depends upon demand being sufficiently freely expressed to indicate real needs. Drastic control over production in fundamental industries is undoubtedly essential to ensure the highest standard of efficiency in them, and the release of the greatest possible purchasing power for the products of new industries. But to effectively control all production it is necessary to control all demand. This can be achieved only by stifling it, and compelling people to buy in certain directions or not at all.

Whole hearted planning raises great social questions which cannot be adequately dealt with here. Not the least of these is the question of population, whose quality and quantity largely determine the demands which industry is designed to satisfy. Plainly, a democracy cannot be expected to grapple with these problems, the logical consequences of which demand a rationality and cold-blooded determination which have, to date, been conspicuous in human affairs only by their absence. Inefficient and clumsy though it is, representative government is the only practical device yet discovered which, while not guaranteeing liberty, can at times exert effective restraint on those who threaten it. I am reluctant to adopt any theory which involves the removal of that safeguard, the more so since it is based on the unreal concept of a rigid society in a world of continual change. The business of politics is the adaptation of human life to a fluid environment which is beyond our control. This can be achieved only by bringing to the control of national affairs a mind keenly responsive to the tendencies of the age, and with all possible wisdom and foresight consciously shaping social policy to conform with the exigencies of the moment.

—EDWARD MASEY.

CAPITALISM: A PHASE IN CIVILISATION

By PHILIP PARKINSON.

Attacks are constantly being made on what is loosely called "Capitalism," or "the present economic order," as though these things were not only evil, but static. The very term "present economic order," however, suggests that it is obviously different from the past and that the future economic order will be different again. Capitalism means nothing but the right of individuals to possess property and to use that property as they wish, to make profit. This is the root of the tree of Capitalism. It started to grow far back in the dim ages when the first man made the first stone axe and traded it with a neighbour for two spears. As the tree has grown it has thrown out many branches representing the many ramifications of trade, and the diverse business activities of man, as he toils slowly up the path of civilisation. Century by century the tree has grown stronger and more deeply rooted. Many branches grew ugly and they have been lopped off in our progress. For instance, trade which involved the use of force for its completion and all methods involving the idea that might is right, have been eliminated in the course of time. Trading in human bodies, whether negro slaves or children of the poor, was at one time a branch of the Capitalist system, but this branch also has been lopped off. Century by century, decade by decade, the great tree has been lopped, pruned and cultivated. No one suggests that there are not now branches, perhaps of very recent growth, which need the pruner's knife. It may well be that before very long monopoly profits and the misuses of the Stock Exchange, to take only two examples, will follow slavery

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and child labour into oblivion. On the other hand, certain of the good branches of the tree, which made possible the tremendous advances in prosperity and living standards during the nineteenth century may need special care and attention to foster their still greater growth. To condemn the whole tree because some of its branches are ugly is as unreasonable as it is to suggest that further pruning and cultivation is not possible. Could we not look on this ever-changing system as simply a phase in our progress towards civilization? In relation to geological time, man has done fairly well, for in 3000-4000 years his curiosity has given him an understanding of almost everything in nature, and seems at last to have brought him to the point where he wonders why he does not understand himself. At his present stage man is still so concerned with his economic prosperity that the solution of the problems of production and distribution seem all-important. To future generations who will solve these problems, they may be of relative insignificance.

Every man has many "beliefs." Do we, for instance, believe in any of the following things: electric currents, the germ theory of disease, the existence of oxygen, marriage, the British Constitution, or Christianity? The answer almost certainly is that we do, but when we look at the reasons for our belief in them all, we come upon the very strange fact that the reasons are of two different kinds. We have what have been called "real" reasons for belief in electricity, germs and oxygen, but only "good" reasons in the other three cases.

NATURAL SCIENCE AND SOCIAL SCIENCE

The fact is that they belong to entirely different realms. The natural sciences stand in an entirely different position from the social sciences, a position so different that we will not accept any theory or statement about chemistry, physics, medicine or the like, unless there is abundant real and actual proof, whereas, in other matters

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we are content to accept beliefs, drawing their virtue mainly from the fact that they are founded in antiquity, or have been enunciated by some eminent person, or group of persons. Whilst we hold that it is necessary for "scientific facts," as we call them, to be proved, once they have been proved the mass of the people thinks no more about them, and gradually they pass into daily life, unnoticed. All that most of us know about electricity is that the lamp "burns" when we turn it on; when we ask for fresh air we do not stipulate the percentage of oxygen it shall contain, and although practically none of us would recognise germs under the microscope if we saw them, yet the whole of our public health system and all modern surgery depends on our ability to deal with them. It is possible to suppose that if, and when, we get the same kind of proved facts in our social sciences, the same kind of unconscious absorption of them into public utility will occur. Some considerable progress is reported in social studies, and although Society seems too nebulous and diffuse to attack as a science, it must be remembered that nature must have seemed even more vast and complex to our forefathers, and that the social laboratory of the future must be as impossible for us to imagine as a modern chemistry laboratory would have been to Francis Bacon. This, indeed, is a fair estimate of what our position is. In our study of society we are about 300 years behind our study of Nature. But, if we have freedom, it need not take us 300 years to catch up. Can we get that freedom?

FREEDOM OF THOUGHT.

At present there is little evidence that we can, and in this respect we have learnt nothing from the heresy hunting of the middle ages, or the struggles in more recent times for the establishment of scientific fact. Sir James Simpson discovered chloroform only in 1856, and was attacked by the clergy on the ground that it was immoral to take away from women the immemorial pangs of childbirth; in these days we attack birth control on moral and

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national grounds rather than consider its effect on the variation of numbers in income strata of society. Persons who seek critically to examine such things as Capitalism or the British Constitution are usually labelled "Socialists," and not "Scientists," as they should be. All our institutions cannot be perfect. It should be more widely recognised, then, that the search for all knowledge is good, and that man has reached the stage when he must be allowed to examine anything, probe anywhere and ask proof of everything; further than this, it must be recognised that repression of enquiry may lead to bloodshed and misery, as it has many times before in history.

BIG BUSINESS.

It is not extraordinary that man should have commenced the study of society long after his nature study, since he has been engaged during almost all his existence in a struggle to subsist. The struggle for subsistence has been followed by an era of comfort, luxury, convenience and production, carried on through the Capitalist system as we know it. It is probable—but by no means capable of scientific proof—that no other system could have carried the growth of the nineteenth century. The product of the last hundred years has been a society engaged almost exclusively in the expansion of production. That has been almost our sole concern for the past century. We read for money, write for money, gamble for money, buy and sell for money, we even preach for money; the whole of humanity is engaged in what is called business. Yet only 500 years ago practically the whole of humanity was engaged in tilling the soil, and money and credit, as we know them, were almost unknown; a thousand years before that, practically all mankind was engaged in tribal warfare, leaving the soil to its womenfolk. We flatter ourselves, and at the same time stultify our intelligence, if we think that this money stage of civilisation will last for ever, or even for long.

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THE FUTURE.

It is never possible to forecast the future, except to say that it will be different from what we have known; nevertheless speculation is sometimes a valuable scientific aid. Change will come, whether we like it or not, and we are entitled to demand that progress be governed by intelligence and not by prejudice or tradition. There is a branch of social study which approaches scientific accuracy, and in pure economics we have certain aspects which reach very near to scientific certitude. One example of this may be given in the withdrawal of Keynes from the discussions preliminary to the Treaty of Versailles, because as he stated it was not possible to exact the reparations suggested. Every phrase of his objections has been justified, though it took the people of Europe fourteen years to see the light. Certain parts of economics then are well understood and abundantly proved. The statements made by economists relating to international trade appear to be indisputable, so that the first step in our future progress may be the gradual alteration of international trade barriers, whatever their nature, accompanied by striking movements towards internationalism. One can imagine, for instance, a kind of colonisation in trade, requiring long and persistent investigation, but by which eventually nations would agree only to produce those things for whose production they have a comparative advantage. These phases of progress will be absorbed as established scientific truths into public utility, just as the germ theory of disease has been, and international trade relations will be controlled by a quietly functioning department, very like an international Board of Health.

Social reformers talk much of the "paradox of poverty amidst plenty," but if we were actually in the midst of plenty, there would be no poverty. The fact is that the problem of production is by no means solved, and it will only be solved by patient examination and slow progress along scientific lines. Future generations will solve the

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problem, not by sudden change or ruthless destruction, but by the slow establishment of scientific truth in social relations, and then money as well, with all it implies in production, distribution and prices will be relegated to a comparative backwater. Mankind may then get on to its next activity. What that activity may be is as impossible to predict as it would have been to foretell that people only two generations removed from the days before Lister would be operated on in germ-proof theatres. Science is very slow but very certain. No man need be afraid of it. It has been persecuted and retarded, but it has always advanced, not only knowledge, but the real good of mankind. Economic prosperity is not an end in itself. It is but a step along the road to civilisation.

—PHILIP PARKINSON.

LEGISLATIVE COUNCILS AND COUNCILLORS OF THE PAST

By M. D. HAY.

On the last stroke of midnight on the 22nd of April, the Legislative Council of New South Wales established in 1855 under the constitution drafted by Wentworth and his Committee, passed out of existence and was replaced by that established by the referendum of 1933. Wentworth's constitution represented the goal of responsible government, but this goes a stage further since its referendum provision is an attempt by the people to keep in check the power of their own representatives.

The old nominee House functioned for over half a century, and what Wentworth said of it in 1862 may well be its epitaph to-day—where it failed “it was not because of any inherent defect, but because the constitution had not been exercised in a British spirit and according to British principles.”

From our first establishment as a penal settlement in 1788, Governors found it convenient to gather round them a little group of advisers in whom they had confidence. These consultations were given constitutional status by the Imperial Act of 1823 which established the first Legislative Council. It consisted of 7 members all appointed by the Colonial Office and its powers were very limited. It could neither initiate legislation nor prevent it passing if the Governor so desired, though his power to pass improper legislation was limited by the fact that no Ordinance could pass through the Council unless the Chief Justice personally certified that its terms were consistent with the laws of England “so far as the circumstances of the Colony will admit.” It met on the 24th August, 1824, and consisted of the Lieut.-Governor, William Stewart; the Chief Justice, Francis Forbes, who acted as Chairman; Archdeacon Thos. Scott; the Colonial Secretary, Alexander Macleay; and three unofficial members—John Macarthur, Robert Campbell and Charles Throsby. Governor Brisbane attended the

Legislative Councils and

first but not subsequent meetings of the Council. He merely laid before it the Bills he desired to submit and then withdrew.

In 1828 expanding needs established a new Council under a Constitution which increased its membership to 15, all nominees of the Crown, 7 of whom held office merely by virtue of their status as officials, while 7 were non-official members. Governor Darling, meaning to follow the example of his predecessors and merely submit measures for discussion without himself attending, was ordered by the Home Office to attend as President with both an original and a casting vote.

This Council functioned until 1842 in spite of the dissatisfaction of the colonists, who objected to being taxed and legislated for by a body on which they had no representation, and which Wentworth described as "a wretched mongrel substitute for a Legislative Assembly."

An Act passed in 1840 by this Council has a piece of interesting history behind it and caused the estrangement of Governor Gipps and William Charles Wentworth. Its purpose, which looked innocuous enough, was to authorise enquiries into claims "advanced by many of H.M. subjects to tracts of land by virtue of purchase or cession from the chiefs or native tribes" of New Zealand. But its real object was to "defeat Mr. Wentworth's attempt to secure for himself and a few friends almost the whole of the South Island of New Zealand"—about 20 million acres, which they had purchased from some native chiefs for £200 in ready money and the promise of a like sum per annum during the chiefs' lifetime! The Council was addressed by counsel in opposition to the Bill, and Mr. James Busby, Mr. A'Beckett and Mr. Darvall—the leading barrister of his day—did their best to ensure that Mr. Wentworth should be the greatest land-owner on earth. But in vain. The Bill was passed and the Governor never forgiven.

In 1842 an Imperial Act created New South Wales' third constitution and introduced at last the principle of

Councillors of the Past

political representation and responsible government. In order to get as near the English bicameral plan as possible two distinct classes of members were included in its single chamber of 36 members, 24 of whom were to be elected, and 12 nominated by the Governor. Of these latter not more than 6 could be Government officials, which was a step towards securing the independence of Councillors. The Governor's presidency was abolished. He could not pass measures without the consent of Council, though he could still submit them for consideration and had the royal prerogative of the veto.

The expiring Council was empowered to define the new electorates subject to the provision that Port Phillip district was to return 4 members, Melbourne one, and Sydney two; and to pass a Bill to give effect to the Imperial Act which also provided for the formation of new Colonies "to the northward of Moreton Bay."

The qualification for an elector was property to the value of £200 or occupation of a house of the minimum value of £20. This franchise gave rise to objections as being too low, since at that time in N.S.W. it was almost equivalent to universal suffrage. The qualification for a member was ownership of freehold to the value of £100 per annum. No convict or person holding a conditional pardon was qualified to vote, though, probably through an oversight, there was nothing to prevent him being returned as a member!

The new Council were to be elected for 5 year terms and nominees appointed for the same period, unless appointed as holders of specific offices when their seats were to be forfeited on ceasing to hold office. The Council was obliged to sit at least once a year and had power to legislate for the colony in any manner "not repugnant to the laws of England" and to have entire control over colonial revenues with the exception of the sale or appropriation of revenues of Crown land. It was debarred from originating money bills, which power remained exclusively in the hands of the Governor, who could also, as before, initiate other measures and had the prerogative of the veto.

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The first elections under the new constitution caused tremendous excitement and culminated in a riot. Nominations were made on June 13th at hustings erected in Macquarie Place. The 5 candidates for the 2 seats of Sydney were Mr. Wentworth, Dr. Bland, Captain Maurice O'Connell, Mr. Hustler (city sheriff), and Mr. Robert Cooper. Each candidate was escorted to the hustings by bands of supporters. The Irish element, attracted by his name, adopted Captain O'Connell's cause with an ardour that embarrassed their candidate. Cabbage-tree hats were worn by his supporters who announced that it would be dangerous for any without them to be abroad, and proceeded to make their threats good. In the fight for possession of the hustings, Dr. Bland was injured and Wentworth, Hustler and O'Connell took their places on its wrecked remains. Mr. Cooper had to content himself with a position on an omnibus—the only one in Sydney. The day intervening between nominations and election was devoted to the delivery of addresses. Polling began at 9 o'clock on the 15th of June, 1842, and resulted in free fights between the supporters of the various candidates. The booth on Flagstaff Hill was surrounded by a mob wearing the O'Connell colours who prevented any but O'Connell voters from entering. Mr. John Jones, the owner of some whaling vessels in port, on being attacked, ran down to his wharf in Windmill Street, collected a number of sailors and returned to the fray to be met by police who chased them back to their ships. Polling had to be adjourned until the following day. One man lost his life and Captain Innes, who was endeavouring to drive back the mob, only preserved his by driving his spurs into his horse, leaping the fence into Hyde Park, and galloping to the security of the Barracks. Mr. Wentworth and Dr. Bland were elected for Sydney, Mr. Macarthur was unopposed for Parramatta, and among others in this first Council were Dr. Charles Nicholson, Dr. John Dunmore Lang, afterwards to expound Australia's claims to be a republic; John Hubert Plunkett, Alexander Macleay, who had been Colonial Secretary from 1825 to 1836 and was now to become the first

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Speaker at the age of 77; William Lawson, the explorer; Charles Cowper, Terence Aubrey Murray (the father of Sir Hubert and Sir Gilbert Murray), and—as he was later to be described—the “formidable” Richard Windeyer, of whom it was said the Governor had a special fear!

Among the nominees was Deas Thomson, of whom Sir Charles Fitzroy later wrote—“his sound and impartial judgment, long experience in the Colony and in the duties of his office, upright character, and evenness of temper secured to him the respect of all classes in the Colony, and what is perhaps more difficult of attainment, of every member of the Council.”

It was a gathering of notable men, and the man most suitably chosen as their leader was W. C. Wentworth who for 20 years had fought untiringly for an extension of constitutional rights, and who regarded this Council as but the first victory for the charter of self-government.

One of the most important of the early debates was on a Usury Bill intended to reduce the current 10% rate of bank interest. It was defeated but the Banks took the hint and afterwards reduced their rates to 6%. Another Act was Wentworth's Liens on Wool Act of 1843. The Colony was passing through a time of economic loss and distress. Stock growers with thousands of sheep were unable to get credit for a chest of tea or a bag of sugar. This Act enabled them to give security in a lien on the wool growing on the sheep's back and gave a great impetus to business and the pastoral industry.

Although the Country Party did not make its official appearance till nearly half a century later, pastoral interests were well represented. Mr. Wentworth continually declared that “this great and leading interest had not its fair share in the representation of the country,” while Mr. Windeyer won a victory for the “Country” Party as long ago as the 20th October, 1844, when, despite the opposition of Government officials, he carried a resolution at the rising of the House—“that a large proportion of the members of this House having urgent occasion to leave Sydney for

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the purpose of attending sheep shearing, this House at its rising do adjourn to Wednesday the 27th day of November next."

As a matter of fact in those days when there was no strongly defined party feeling, an "opposition" was provided by the cleavage of opinion between city and country, or at an earlier date, between the interests of the free settlers and emancipists. At the 1842 election the cleavage was largely between the elected and the nominated members. Voters were told in effect that as the nominees were bound to represent the Crown point of view, their duty was to return men who would oppose it. In general the Governor did expect his nominees, especially those who were civil servants, to support his measures, though some of them did not always do so. John Blaxland was one. He was described by his son-in-law, Mr. Justice Dowling, as "a most respectable and worthy gentleman who has the misfortune to be a Kentish Whig—an honest and upright man who from his integrity and independence has had the ill luck until the present dynasty" (Bourke's) "to incur the dislike of the several successive naval and military Governors who have held dominion in this Colony." Another nominee, Alex. Berry, a wealthy landowner, also opposed government measures.

Their conduct in doing so was loudly denounced as dishonourable by Robert Lowe, afterwards Lord Sherbrooke. He maintained that if they could not support the administration, they should resign. Such sentiments struck a responsive chord in the heart of Governor Gipps, who in 1843 appointed him to the seat rendered vacant by the insolvency of Mr. Richard Jones. Although he had voluntarily pledged himself to resign whenever he could not conscientiously support the Government, Mr. Lowe's principles like many another's became modified by circumstances. Once in the Council he became a vigorous opposer of Government measures, but did not resign till 1844 and caused Sir George to remark ruefully—"His appointment is one of the acts of my Government which I have had most reason to be sorry for."

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The 1842 constitution fell far short of the aspirations of Mr. Wentworth and his followers. The executive council were responsible only to the Governor and not to the Legislative Council, and there was therefore continual conflict between executive and legislature. On the other hand it was a definite step forward. The fact that elective members outnumbered the nominated by two to one made it impossible to carry measures against public opinion, and the disappearance of the Governor from ordinary meetings of Council and of his monopoly of initiation, gave the Council an opportunity to shape a policy for N.S.W. It was a valuable preparation for the exercise of the fuller rights for which Wentworth fought untiringly in the Council and out, through medium of press, public meetings, petitions and pamphlets.

The next stage was the constitution of 1850 which separated the Port Phillip district from N.S.W. The southern settlers had agitated repeatedly for separation and in the elections of 1848 hit on a unique method of drawing attention to their grievances. They declared that Sydney was so far away and so neglectful of southern interests that it was only a farce to elect local men. But if the elections were a farce—let it be one that would attract the notice of the home authorities. So the Port Phillip district nominated, along with local men, the Duke of Wellington, Lords Palmerston, Brougham, Russel and Sir Robert Peel, who they declared would be just as useful to them as local men could be. On polling day, however, they thought better of the joke and elected the local men. Melbourne on the other hand carried the scheme through and not only nominated Earl Grey but duly elected him as Member for Melbourne!

This 1850 constitution gave the N.S.W. Governor the title of Governor General of all H.M. Colonies "including Western Australia." The other Colonies had to be content with Lieutenant Governors. The only result of this innovation was to cause the jealous Victorians in 1853 to vote their Governor a salary of £2,000 a year more than his

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nominal superior in Sydney received. In 1855 the title of Governor for the various States was restored.

The 1850 constitution, however, contained one provision of paramount importance, for it gave the Council power, subject to certain conditions, to amend and alter almost to the fullest extent its own constitution, and therefore brought the objectives of Wentworth and his friends at last in sight. It is said that this concession was not given unreservedly, for Sir John Pakington, the Secretary of State, gave his views in a despatch which declared: "it is the wish of H.M. Government that the Council should establish the new legislatures on the basis of an elective Assembly and a Legislative Council nominated by the Governor." Curiously enough on the question of a double chambered legislature colonial opinion was at first divided. A resolution moved by Mr. Cowper "that this Council is disposed to view favourably the proposition of separating the deliberations of the nominees of the Crown from those of the representatives of the people" was carried by one vote only.

However, a Select Committee of the Council was appointed on the 16th June, 1852, to draft a new constitution. It consisted of Mr. Wentworth as Chairman, Messrs. Donaldson, Cowper, Macarthur, Murray, Lamb, Martin, Plunkett, Deas Thomson and Dr. Douglas. Their report when received was greeted with a storm of criticism. Although Gladstone had advised an elective Upper House, most of the Councillors looked with horror on such an idea. The Solicitor General, Mr. Manning, declared that he would never subscribe to the principle that "the majority have a divine right to govern" while Mr. Wentworth ridiculed the "fallacy" that all the people of the Colony had an inherent right to representation. Mr. Wentworth was certainly not a democrat according to modern ideas, although he fought for responsible and representative government. He described manhood suffrage as a "detestable suffrage" and later declared that the ballot was "a scandal to the British race and character!" He desired a Council of hereditary peers drawn from the great landowners, to whom he

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gave the title of "shepherd kings," though his opponents named them "a squatocratic oligarchy." So great was the outcry and ridicule poured on the suggestion of a local aristocracy, however, that it was dropped by the Committee and the principle of a nominee Upper House substituted.

The second reading of the Constitution Bill as framed by the Committee was carried by 33 votes to 8, and speeches of high standard delivered by Mr. Deas Thomson, William Manning, J. H. Plunkett, James Martin, J. B. Darvall and Charles Cowper. But the central figure was W. C. Wentworth at last carrying his work to completion. He faced the criticism with an eloquent defence of the Bill describing himself as "the ancient mariner surrounded by dangerous mutineers who desired to wrest from his hands the helm and to steer the noble vessel on the rocks."

Public criticism of the Bill poured out through the press and on public platforms despite the outraged feelings of Councillor Martin who declared that "the people had no right to assemble in public meetings to sit in judgment on the proceedings of Council." Henry Parkes led the opposition to a nominee House, which he regarded as "being incompatible with the exercise by the people of their inalienable and exclusive right to choose their own legislature." Far from sympathising with special representation for country or property interests, he declared that "representation must be placed purely upon the basis of population because we never will consent to be balancing houses and lands, or sheep and cattle against human beings." His attitude towards a nominee House was a lifelong one and was to bear fruit at a later date. His attacks on the Bill roused the ire of Mr. Wentworth who spoke of him as one of "the obscure individuals" and as "the archanarchist." Later, in 1854, when Wentworth had to resign his seat to go with Deas Thomson to England to watch over the passage of the Constitution Bill through the Imperial Parliament, this "obscure individual" won his vacant seat by what was regarded as "an unprecedented majority."

In April 1856 the first general election under the new constitution was held, and 34 Conservatives and 20 Liberals

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—or Republicans—as they were called by some, were returned. The Governor called on Mr. Stuart Donaldson to form the first ministry which consisted of Mr. James Macarthur, as Colonial Treasurer; W. M. Manning, Attorney General; J. B. Darvall, Solicitor General; and G. R. Nicols, Auditor General and Secretary of Lands.

The Legislative Council under the constitution which has functioned to the present day consisted of not less than 21 members appointed by the Governor on the advice of the Executive Council. They were to be appointed in the first instance for 5 years and thereafter for life. Great care was taken in these first appointments to popularise the Upper House by making it as representative as possible of all the varying interests of the Colony. For this reason seats were offered to the Bishops of the Churches of England and Rome, upon whose refusal every religious body was represented by one of its laity. Judges were asked to accept seats, and three did, including the Chief Justice, Sir Alfred Stephen, who became the first President, but refused to take any salary for doing so. Five years later when life nominations were made, judges were not included. On Sir William Denison's—the Governor—suggestion, the title of Honourable was given to the Councillors as a means of attracting the services of leading colonists.

Sir William, in spite of his lack of confidence in responsible government, played a tactful part by interfering very little. Writing in 1856 to Labouchere, Secretary of State, he said:—"the main difficulty is not the absence of qualified, but the presence of a multiplicity of men who conceive themselves thoroughly qualified to direct the affairs of a great nation, to say nothing of those of a colony . . . and who, under the plea of being responsible advisers, advocate measures the results of which they are too short-sighted to foresee, but for which, however ruinous, they cannot be punished. Responsibility is, in fact, a name . . . meaning nothing but the right of the majority to make fools of themselves without let or hindrance." His words may ring sympathetically in the ears of many to-day after

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the experience of over half a century of "responsible" government.

As the time approached for the expiration of the 5 year Council and the appointment of life members, the Ministry introduced in 1861 a Bill to make the Council elective. It passed the Assembly, but was rejected by the Council, which, expiring by effluxion of time, was reconstituted with 27 members and Wentworth as President.

Another attempt was made to remodel it, and a Bill for an elective House referred to a select committee under Wentworth's chairmanship. This Committee advised the retention of the elective principle but rejected manhood suffrage as the basis of election, which, said Wentworth, would result in "a bad duplicate of a detestable original." The Government refused to accept amendments and the Bill was dropped. Again in 1873 Sir Henry Parkes attempted to abolish the nominee in favour of an elective House and passed a Bill through the Assembly for that purpose. But the Council in a dignified resolution declined to consider any Bill affecting the constitution of their House "unless such Bill shall be originated in this Chamber."

The early Councillors sat in what is now the Legislative Assembly. The present Council chamber commenced its career in sanctity, being a Church Hall in Melbourne until the needs of a bi-cameral system and a frugal government caused its purchase and transportation to Macquarie Street. Its walls have echoed to the passionate eloquence of patriots, the altruistic fervour of humanitarians, the brilliance of great lawyers and the specious fluency of mere politicians. It has looked down on fine men and on ignoble men, but, running like a golden thread through the years—through party tactics and class prejudices—has been the high tradition of men who rated service to the State and to their fellow citizens as something higher and nobler than service to their own ambitions and deeds. The Council of 1934 inherits no mean heritage from the past.

—M. D. HAY.

NOTE: For most of the quotations in this article the writer is indebted to "Chapters on The Legal History of N.S.W. 1788-1863," by Dr. C. H. Currey (unpublished).

REVIEWS

TRUTH AND TRADITION

(By Dr. Angus)

By the Revd. P. A. MICKLEM, D.D.

This little book has been written and published under the stress of an ecclesiastical controversy, in which Dr. Angus and his opponents of the Presbyterian Church are the protagonists. Written as an apologia for Dr. Angus' theological position, it has the natural defects of a piece of hasty and impetuous writing. Views are stated briefly and baldly which need an ampler background, such as would enable them to fall into place in a consistent whole; and there is sometimes a sharpness, even a bitterness, of expression which detracts from its value as a constructive essay.

Yet it has an interest far beyond the circle and occasion for which it was primarily written. For it purports to raise, in an acute form, the issue between religion and theology, or as Dr. Angus puts it, between truth and tradition: and it voices with passionate vigour the reaction, so prevalent to-day, against the dogmatic fetters which the past has riveted on the present, and in favour of a free, vital and untrammelled religion of the spirit. It singles out certain traditional doctrines, those of the Deity and sinlessness of Christ, of His death as a propitiatory sacrifice, of His Resurrection, and of the Trinity, and maintains that the acceptance of these, at least in the form which they have taken in the creeds and other formularies of the Churches, should not be required as a condition of Christian fellowship or of church membership. What is rather called for to-day, so Dr. Angus maintains, is a non-credal religion, a religion for everyday life, in which Jesus is the central figure, no longer however withdrawn into the region of theological abstraction, but as our leader and example, striving with us, and we with Him, for our redemption and that of mankind.

With Dr. Angus' plea for a Christianity of "Jesus in the lives of men," to quote the title of an earlier book of his, no one can have but the utmost sympathy; for religion is essentially concerned with conduct and everyday life. Where, however, I must cross swords with him is in respect of the sharp contrast which he draws between the Jesus of everyday religion and the Christ of the church's creeds. No religion, least of all one which claims to be universal, can dispense with intellectual formulation, in other words with a theology. It was impossible, for example, to make Jesus the central figure of a world-wide religion without asking and providing an adequate answer to the question: Who is He? What is His relation to God and what to humanity? And the creeds of the early Church, expressed inevitably in the technical terminology of the time, are the answer of Christian thought and experience in relation to this fundamental problem. A critical historian may well think that a quite undue measure of time and energy was spent upon theological disputes over minute verbal details and upon credal formulation in

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the early centuries of Church's history. Yet, and particularly insofar as they centred on the Person of Christ, those formulations were not made in the interest of intellectual disputation or logical consistency, but of religious need and religious experience, as terms which were least inadequate to what Christ had in actual fact been found to be "in the lives of men." In particular, no term less than Deity or Godhead was found to do justice to the Christ of Christian experience. We may feel with Dr. Angus that the phraseology in which the credal doctrine of Christ is expressed is over-elaborate and archaic for modern use. Yet it served and still serves to safeguard a truth, the surrender of which would be fatal to the distinctive character of Christianity itself, the maintenance of which is indeed vital to that very religion of everyday life for which Dr. Angus so eloquently pleads. For the Christ of human need and of human experience is more than our leader in a spiritual quest. In New Testament language He is "The Power of God unto Salvation" Who "brought life and immortality to light," and both the New Testament and the creeds enshrine this experience in the language which they use about Him.

I do not then believe that Dr. Angus is serving the cause of the religion for which he stands by questioning or repudiating those early formulations of doctrine, either on the Person of Christ or on the Trinity, which, however remote their phraseology may sound to modern ears, were the best expression that the language and thought of the time could give to the truths of Christ and of God, and have ever since served to safeguard those truths as the basis of Christian life and experience. There is, indeed, something wholly unconvincing in the method of refutation of cardinal Christian doctrines adopted in the book, and the arbitrary selection of New Testament proof texts for the purpose. On the other hand, I believe that Dr. Angus is on much stronger ground in his rejection of much of the language and thought of those later sixteenth and seventeenth century confessions, the fruit of sectional and local controversy, of which the Westminster confession is an outstanding example. There is much in these reformation statements of faith, which modern thought and ethical sentiment cannot fail to reject. "I am persuaded," writes Dr. Angus, "that anyone reading our subordinate standards will be driven to the conviction that the time is overdue to reconsider our conception of God, and to bring that conception more into alignment with the God revealed by Jesus, and with the God for Whom Christian philosophy is contending to-day against the mechanistic or materialistic interpretation of the universe."

I believe that Dr. Angus is right here, and that the harsh, predestinarian language of Calvinistic theology, of which he gives several examples from the Confession and Catechism of his own church, is whether in reference to God or man such as has been rightly superseded by later and truer conceptions. It must, however, be remembered that the Christian Church as a whole has never committed itself to the acceptance of these standards and the theology which they represent, and that they do not in any sense possess the authority which belongs to the early creeds of Catholic Christendom. The same is true of those legalistic contractual theories of the Atonement to which also Dr. Angus rightly takes strong exception. The Church has always believed and taught that, to use New Testament language, "Christ died for our sins," but it has never committed itself to any particular theory of the Atonement among the

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many that lie strewn on the roadside in the progress of theological definition: and I would go the whole way with Dr. Angus in saying that no conception of the Atonement can be ultimately acceptable which runs counter to the moral judgment of mankind.

It is no part of a review of this book to pronounce judgment as between Dr. Angus and his opponents: nor is this the place to raise the question how far an accredited teacher of a church may depart from its official standards and still hold his office. It is rather with the wider and more general issues which the book has raised that I have been concerned: and here I cannot but express the opinion, that with whatever measure of sympathy we may have with the plea for a religion of to-day and expressed in the language of to-day, the antithesis implied in the title of the book between truth and tradition is a false one, and that so far at least as the oecumenical creeds of the Church go in their statements of doctrine, such formulations are a guarantee and safeguard of, rather than an obstacle and hindrance to, a Christianity of everyday life.

P. A. MICKLEM.

AUSTRALIA AS PRODUCER AND TRADER

(By NANCY WINDETT, B.Sc. (Econ.), Oxford University Press.)

This is one of a series of studies the author proposes to make on the three dominions, Australia, Canada and New Zealand. Its publication is the result of "a generous financial relationship between the Institute of Pacific Relations and the London School of Economics, combined with active assistance from the Royal Institute of International Affairs." It is introduced to the public by Prof. J. Coatman in a foreword, and by Prof. D. B. Copland in a preface.

An impressive feature of the book is the ease with which the material is handled. Facts and figures are apt to be intractable literary material and deft handling comes only with complete mastery. Mrs. Windett is to be congratulated on her smooth and facile presentation.

The major conclusions are not unexpected, but the Australian reader is comforted by the result of the author's survey of the outlook for wool: "The pre-crisis favourable level of wool prices does not support the view that the newer textiles, silk and artificial silk, have seriously competed with wool." The effect of the competition has been to improve very considerably the production of woollen goods. "Woollen cloths have been produced of much finer (quality?) and lighter weight, of smoother and more varied texture, and in colours and designs of greater variety and delicacy." The forecast quoted from the Empire Marketing Board Wool Survey with respect to the recovery in price is already being borne out.

The outlook for wheat is not nearly so favourable. Mrs. Windett takes into account the factors generally allowed for in Australia when the future of wheat is under discussion, but she points out that the increase of demand in the East is conditioned by price. Unless wheat can be sold at or about the price now prevailing it

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will be a long time, even with an improving standard of living in Japan and China, before it will displace rice.

The conclusion reached concerning our two main exports is that "It is unlikely that, for a long time to come, Australian overseas trade will be as dependent on merino wool as it has been during the past decade, and previously. Exports of butter and other dairy products, meat and fruit and a variety of minor products, could be and are likely to be increased and will contribute towards a healthier diversity of commodities in the export trade and a spreading of the risk of bad seasons and unfavourable price movements. Greater development of these industries, associated with the growth of mixed farming, should lead towards the concentration of wheat growing on the most productive areas, and its limitation to a level at which it is profitable without direct financial assistance."

The treatment of our trade in meat, hides, skins and dairy products is informative and valuable. One would have been interested to see the problem of beef production treated a little more fully. The weaknesses of Australia as a competitor with South America for the beef market are given as inferior breeds, distance from freezing works, added cost of seasonality in freezing operations, high costs and lack of marketing organization. Since the successful chilling of beef is merely a matter for to-morrow it may pay us to consider more closely how these weaknesses may be overcome.

Among the export industries with a promising future the author places wine-making and fruit-growing and canning. Australian wine of the port type may be regarded as established on the United Kingdom market, but the author suggests that attempts should be made to popularise a vin ordinaire. "There is no doubt of the capacity of Australia to increase immensely its viticultural areas, and there should be no insuperable difficulty in competing in price." The fruit-export trade merits more investigation than it has yet received. "Fruit-growing is a typical close-settlement industry. For example, the value of production per acre is about £30 10s. for fruit compared with approximately £1 16s. in the case of wheat. . . . In every way, for the better use of social services such as transport, electric power, district administration, and for the more economical use of the land, the expansion of the 'close-settlement industries' is to Australia's advantage."

Practically all the conclusions reached with respect to minerals are tentative and speculative, though none the less interesting on that account. "The abundant resources and efficient large-scale production of lead should enable continued expansion of exports to take place provided some rise in price occurs. The output of zinc as a by-product of lead-mining should similarly expand unless prices remain too low to permit of profitable treatment of the tailings. Silver production tends to grow *pari passu* with lead."

Without expanding this notice into a lengthy article, it is not possible to give an accurate idea of the scope and value of the book. The treatment of the motor car market is specially full and interesting, and, of the textile market, very illuminating. Surveys of the kind are of great value and should be produced at regular intervals. Readers of this book will look forward with interest to the appearance of its companion volumes, dealing with the other dominions.

H. L. HARRIS.

THE AUSTRALIAN RHODES REVIEW

"The Australian Quarterly" heartily welcomes "The Australian Rhodes Review," congratulates its publishers—the Melbourne University Press—congratulates and condoles with its Editorial Committee. The members of the Committee describe themselves as "a tottering trio of broken men." Whether they mean to suggest that the representatives of intellect and muscle in Australia are more diffident about writing, or less punctual in sending in their copy, more careless in correcting their proofs or less capable of expressing their thoughts within a reasonable space, than any other cross-section of the Australian lump, is not quite clear. *Passi graviora*, we bid the Editors to brace themselves up for another year. The result of their efforts is a collection of essays which shows how varied are the activities of the Australian scholars and in how many different fields they have carried out Rhodes' ideal of public service. The Editors disclaim the idea that the interests of Rhodes scholars are different from those of other Australians, but their experience is different from that of most of us, and it is natural to look in a review of this title for articles in which these experiences bear fruit. One such article is that by the late Henry Thompson of South Australia: "The Australian University." It is an arresting study in the contrast between Australian and English Universities, a subject which deserves to be further explored. How much do Australian Universities, and how much does Australia, suffer from the fact that because the Universities are situated on the borders of the big cities senior men are always ready and willing to relieve Undergraduates of their proper training in responsibility. We commend the subject to the Editors of next year's Review, and to the advocates of a University at Canberra. Another article of this type is by Professor Portus under the cryptic title of "In defence of Clause 2"—a defence and explanation of the place of athletics in Rhodes' scheme, and a third by Mr. Rudall in honour of Kingsley Fairbridge. Of the articles of a more general type, the most topical are "Superseding the External Examination, a Victorian Experiment," by J. A. Seitz, Professor Bailey's very cogent plea for the immediate acceptance by Australia of the Statute of Westminster, and a lament by Mr. Rivett for the Empire Marketing Board. There are a number of book reviews in which the writers have not hesitated to criticise when criticism was warranted. The get-up and printing are excellent.

PLANNING THE MODERN STATE

(By F. A. BLAND, M.A., LL.B.)

By the publication of his book, "Planning the Modern State," Mr. Bland has placed us under another debt of gratitude to him.

It should be read by every responsible citizen, because after reading it he should indulge in less ill-informed criticism of our Governments, understand something of their problems, support long overdue reforms and view with patience the arduous work of planning the machinery of the Modern State.

Mr. Bland is not a protagonist in political theory, and in this respect he does not attempt to argue the case of capital or labour, radical or conservative. He is only concerned with the activities of

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Governments as they are, and more particularly Governments in Australia. As a consultant on the machinery of Government, Mr. Bland may be considered an expert.

The book opens with a brief description of the structure of government in Australia, both Federal and State; the salient features of the political organization are indicated, and their work and importance in the actual business of governing are defined. There follow some comments on the machinery of government. The part played by Government in the Modern State is thrown into relief by a comparison of the expenditure of Governments here and in Great Britain in pre-war years and 1929. Mr. Bland is in sympathy with those who are "planning" what modern governments ought to do, but he is much more concerned with how the work of government is to be carried out. What kind of agency should the Government set up; Department, Board or Commission? How should such agency be organized, recruited and controlled?

In the chapter "Law-making in the Twentieth Century" a realistic picture is presented of how, when and where the laws under which we live are made. We are told that "the initiative (in law-making) has entirely passed into the hands of a body of men called the Cabinet," that "We talk about parliamentary government and there is a widespread belief that it means that parliament governs us. It does not and could not even if it tried. Government requires a specialised agency and in our system it is the cabinet which governs," and that, "if we look upon law-making as the procedure for determining the rights and obligations of all members of the community, instead of as affording scope for an ebullition of party feeling, then statesmanship would be immediately directed to improving the present technique" (of law-making).

There follows naturally a discussion of "the new despotism," and although it is argued that Lord Hewart's criticism may be justified the conditions which cause this government by regulations appear to be inevitable. How then are we to see to it that this "Administrative Lawlessness" is exercised reasonably? Probably by solving the problems of administrative planning surveyed in the rest of the book.

The problem of official independence is presented for what it is, "a problem" which is inherent in every system of government and confronts the political philosopher as well as the administrator.

The solution of many of our Governmental difficulties might be sought in improved methods of recruiting, promoting and organising the public service personnel as the author points out. But the public does not always appreciate that "it is obviously a matter of vital importance to the whole community that the human material engaged in the several tasks demanded by the Social Service State should be of the best quality available, and that it should not be wasted or deteriorated by faulty organization."

Mr. Bland is satisfied that the members of the public service should and must eschew politics because "political activity by officials is incompatible with efficiency, impartiality and security in the public service." But if they are denied the right of entering politics, "then the community must be prepared to accept and maintain machinery which will enable the civil service to realize its reasonable expectations."

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The chapter on "Fact and Fiction in Finance" surveys some popular misconceptions with regard to Government finance, pointing out that parliament in this as in most of its other nominal functions, has renounced its traditional privilege of control and left the people defenceless without providing that there is some other effective and independent agency to exercise the necessary control on its behalf.

When the Government extends its activities into business and trading operations new problems of administrative planning arise. Mr. Bland devotes a chapter to the consideration of the various forms of organization which have been devised for managing public enterprises and the attempts to adapt the traditional governmental machinery to that purpose. He is of opinion that there should be a "separation of the administration of the economic and industrial activities of the State from the political machinery of government." This having been done and new effective agencies created, it will then be safe for the State to continue to own and operate public enterprises.

The chapter entitled "Why not more Local Government?" is of topical and immediate interest in view of the New State movements in New South Wales and some conditions which have fired the secession movements in the less populous states of the Commonwealth.

Few will quarrel with the final chapter, summing up the plans for a re-organization of the processes and methods of government.

The book is a well-designed sign-post on the road of social science, indicating how far we have progressed with the development of our democratic institutions, and pointing the ways we may proceed now that we have arrived at the end of the road of "laissez faire"; but it does more than point the ways—it displays valuable information as to the methods we may adopt in planning our social organization so that we may proceed on our way through the still unmapped territory of public administration, more suitably equipped to overcome our difficulties as they arise.

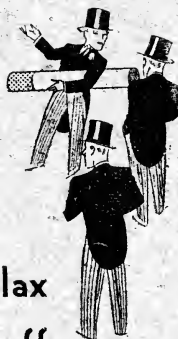
—G.C.R.

ESSAYS ON THE USE OF ENGLISH

Professor Cowling has undertaken the urgent task "Of arousing in my readers some of the interest which I have felt in the study of English language and literature." His readers, we imagine, are Undergraduates who have survived the period in which schoolmasters and examiners have prevented all but a few of them from taking any interest in any literature. His method is rather like that of the late C. E. Montague in "A Writer's Notes on his Trade." He is very much concerned with the mechanics of composition, with changes in literary fashion and with tests of great literature. This may not be the best way to provoke a spark which has become dormant, but it is bound to prove acceptable to the student whose interest is already stirred. The explanations are supported by verse and prose quotations, which since the time of Matthew Arnold have been recognised as more convincing than any argument.



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A QUARTERLY REVIEW OF
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THE WORLD POSITION IN RELATION TO AUSTRALIAN TRADE

By Professor STEPHEN H. ROBERTS, M.A., D.Sc. (Econ.),
Litt. D.

Australia is confronted with two problems—internal adjustment and external relations—and it must be realised that any internal adjustment must be meaningless and limited without reference to world conditions outside. These conditions depend on the growth everywhere of the doctrine of economic self-sufficiency or **Autarchy**. This idea has progressed simultaneously in so many countries of recent months that, in its cumulative form, it has come to be the main determinant of international economic relationships.

The naive idea of Autarchy is usually a blend of economic self-sufficiency and of a policy of exporting to other countries, leaving a clear balance of payments in favour of the country successfully practising Autarchy. That this is mutually impossible when pursued by several more or less self-sufficient countries is only one of the many faults of the system.

This idea naturally had results (both direct and indirect) on all exporting countries, for one of the props of a successful Autarchy is a general tendency to restrict imports, other than the raw materials necessary for the country's development.

What, then, is the reaction of this doctrine in the countries especially affecting Australia?

The World Position in Relation

GREAT BRITAIN naturally comes foremost in our analysis, especially because, at the present moment, British policy is undergoing a crucial test. There are efforts to bring about a radical revision in the relationships between primary and secondary industries. The Elliot Scheme is an attempt to artificially revive the agricultural industry and so to interfere with Britain's traditional policy as to increase her self-sufficiency. While the National Government is not prepared to go as far as the French and German administrations in positive steps to foster agricultural production, it at least undertakes a policy of organising marketing and, in particular, of restricting imports of agricultural produce, wheresoever they may come.

It has been authoritatively stated on many recent occasions that British policy in this connection is, first, to consider the British producer; secondly, to consider the interests of the Dominions; and, thirdly, to act as positively as may be necessary towards foreign importers of food-stuffs.

Many difficulties have been encountered in the last two years in this regard. The difficulty of arranging credit has been very inadequately surmounted by the provision of less than £10,000,000 by the Agricultural Mortgage Corporation (under the 1928 Act). Difficulties of marketing are equally acute. The Agricultural Marketing Acts of 1931 and 1933 have tried to combine the problems of planning and marketing over a fairly long period; but the predominantly voluntary nature of these operations and the traditional hostile individualism of the English farmer have prevented much success to the moment. In other words, the many difficulties of planning for the future in a country like rural England threaten, in practice, to be insurmountable.

Moreover, there are the numerous overseas complications. Difficulties have already arisen from the virtual

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impossibility of reconciling Britain's newer agricultural policy with the agreements she entered into at Ottawa. Great Britain, in common with other importing countries, is also tied down by the existing international agreement by which importing countries undertake not to encourage any extension of the area under wheat or to take any Government measures which might result in increased wheat-production. Moreover, there is the question of Dominion repercussions, especially now that countries like Germany, France, and Italy have imposed so many restrictions on primary imports and have thus narrowed the market.

Under these conditions, it is difficult to see whither the famous Wheat Act is leading. It was avowedly a measure in the direction of Autarchy and was designed to keep local wheat-farming in England, whatever the cost. It is impossible to say to what degree questions of defence really entered into the situation, although it was understood at the time that memories of 1917 combined with the disturbed international situation to determine the result.

The Act is a perfect illustration of the danger of ignoring normal economic factors in planning for the immediate future. A subsidy is guaranteed to the farmers to bring their return to 45/- a bushel, whatever the selling price on the open market. The subsidy is paid for by consumers in the form of a duty on flour. This Wheat Act came into force on August 1, 1932, and really inaugurated Britain's new agricultural policy. In 1933, it was supposed to have increased the area under wheat by 30%. At the same time, the milk, cheese, poultry, and bacon industries were rationalised; arrangements were made for marketing; and, where necessary, imports were restricted. So determined was the Government that these schemes are being persisted in even where (as in the case of cheese and eggs) Dominion interests directly suffered.

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Against this fixity of policy, however, conflicting interests have already made themselves felt. Industrial and City interests have complained that the operations of normal economic laws have been hindered and that, in time, other countries will not be as accommodating as was Denmark. This raises the question as to the political importance of the promoters of the Elliot schemes, especially as to the influence of the consumers who directly pay for such experiments. Already the old political cry of "**A cheap breakfast-table**" has been raised, and it is problematical whether a general election would support the new agricultural schemes, especially in view of past experiences in attempting to revive British agriculture. Apart from the War-years, the lessons of the last thirty years have been all against any agricultural revival of such an extent and permanency as to affect Australian exports to Britain.

It has been said that Great Britain has seen a **new Agricultural Revolution** in the last two years; but the schemes cannot be said to have been grafted on to Britain's economic structure in any real sense. I am of the opinion that, especially since there has been no commensurate result on the unemployment situation, the entire Elliot policy is flogging a dead horse and that it will be viewed as merely a measure for the present emergency. Certainly, I cannot see how it can be maintained if it involves retaliation against British industrial exports. In that case, it would be doomed by a mere consideration of voting-power.

Lastly, it would appear inevitable, from past experience, that the British farmer will not avail himself sufficiently of improvements in method and technique but will, for the most part, merely shelter himself behind the immediate benefits of stabilised prices and the limitation of foreign competition. In other words, the revival, as far as can at present be ascertained, is a temporary and artificial one, and will very likely collapse unless the British farmer changes his methods and his mentality. If he does

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not do this, the protests of the consumers and the traders and the industrialists will ultimately sweep him aside again.

For the immediate future, however, Australia must face the prospect (especially when the Ottawa arrangements end) of increased quotas, restrictions, and exclusion of primary produce coming into England, whether foreign or colonial. The only weapons against this appear to be discussions regarding the effect on Australia's debts in London and possible adverse results on British industrial imports into Australia. But it would seem premature to assume that the Agricultural Revolution has already been accomplished or that the interests of the British farmer will always be viewed as the primal determinant of Great Britain's general policy. In other words, our bargaining capacity remains as something permanent; whereas the much-quoted Agricultural Revolution is something partly exaggerated, partly transient.

Turning to GERMANY, the observer finds Autarkie in its most rigid unyielding form since the beginning of 1933. The normal economic structure of Germany is a dependence on the export manufacturing industries, with aid to a declining agricultural industry, and a variable degree of dependence on agricultural imports from Scandinavia, central Europe, and the newer countries. Normally, imports of wheat and butter exceed any other import, with the exception of raw cotton and wool.

But Autarchy, strongly supported by questions of national defence, has involved a profound modification of the traditional economic policy. To make Germany almost entirely self-sufficient from an economic point of view, a great effort has been made to revive agriculture. This has taken two forms—State-aid to the large **Junker**-estates of Prussia, and the encouragement of a healthy peasant-proprietary, extending this device from its former strongholds of west and south Germany even into Prussia.

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As far as other countries are concerned, there have been firstly, decrees restricting or even prohibiting agricultural imports, especially from Scandinavia; secondly, decrees (such as the famous Margarine Decree) aiming at stimulating German production and even resorting to the **Ersatz** (or substitute) conditions of the War-years; and thirdly, price-fixing of grain, to help the farmer. This has resulted in a most aggravated discrepancy between world-parity and local German prices of agricultural produce, and even led to grain-smuggling.

Still more recently, restrictions on foreign trade have been made more rigid because of currency-considerations. After the exports of gold in 1933, Germany made frantic efforts to retain the gold-standard by rationing imports, even of essential raw-materials. By June, 1934, for instance, the gold-cover had fallen to 4.8% and imports were restricted to 10% of their normal amount. However, this—the ultimate expression of a “world-within-a-world” theory—is obviously a temporary necessity, bred of emergency, and not a permanent policy.

The present agricultural campaign is likely to be intensified as long as Germany remains economically isolated from the rest of the world—that is, as long as her dwindling foreign trade continues to decline. But the campaign will probably be less short-lived than in England, because of four factors—first, the traditional conflict between agriculture and industry in Germany; second, the power of the industrialists and the resultant submergence of agricultural considerations beneath wider questions of markets for manufactures; third, considerations of restricted purchasing-power on the part of consumers; and fourth, political questions of finding markets for agricultural products from Central Europe.

In other words, the peculiar conditions of the German dictatorship dominate considerations at the moment; but, before progress can be permanent, Germany must consider

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her gold-policy, her questions of internal costs, and the expansion of her market for manufactured exports. At present, however, there is throughout Germany a rigid determination to make the autarchic self-sufficiency as complete as possible, even if it entails the sacrifices of the War-years over again. Purely economic considerations are ousted from the beginning.

Of particular interest are the developments this year with regard to artificial woollen fibres. The German papers (unlike the Japanese) are confident that the problem has been mastered and that imports of Australian wool can diminish in the near future without detriment to German industry. If this claim is justified, Australia's main item of export to Germany (£4,500,000 of wool a year out of total exports to Germany of less than £5,000,000) will be cut down; and there does not appear to be the slightest possible opportunity of a commensurate expansion of trade with Germany in other directions.

In all, Germany appears to be cut off from the rest of the world, except for a dwindling import-trade of raw materials and for such of her exports as other countries will take. I do not think that this state of affairs can last indefinitely without some kind of collapse and readjustment, and am of opinion that (despite the strongest aversion on the part of the people to any such step) Germany will find herself forced off gold and that, at the least, she will revalue her currency and commence negotiations with various countries for extended trade on a reciprocal basis. But it needs no warning here as to how far such a triumph of inevitable economic facts may be indefinitely delayed by political considerations in the case of a country that can become as almost totally self-sufficient as Germany can.

For the purposes of this survey, I can group together FRANCE, ITALY and BELGIUM. The main tie of these three countries with Australia is their purchase of wool. Taking the last figures of 1932-33, of total exports of

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£6,000,000 to France, over £5,960,000 are of wool and sheepskins: of £3,275,000 to Italy, over £2,560,000 are of wool: and, of £4,060,000 to Belgium, £3,370,000 are of wool. Now, in each case, this wool is essential for the country's industries, and it is difficult to see how alternatives could be found for most of the grades of wool at present taken from Australia.

Nor is the policy of these three countries intrinsically opposed to the taking of such wool. What they each demand is some measure of reciprocity in trade. For our raw materials they ask that we take an equivalent share of their manufactures on reasonable terms. For the £6,050,000 that France takes from us, we take only £1,200,000 from her; for Italy's £3,275,000 we take a beggarly £676,000; while, for Belgium's £4,060,000, we take only £391,000.

The main concern of these countries with Australia is to protest most vigorously about these discrepancies; and, in light of the feeling on the topic, it is of little avail to point out that many of the difficulties are due to their remaining on the gold-standard. It is clear, however, that trading ill-will will continue to grow with each of these countries until some reciprocal agreements are reached.

Australian trade will be gravely affected, too, by recent agricultural policies in Italy and France. The results will be both direct (especially in the case of Italy, which takes about £600,000 of our foodstuffs) and indirect, because of competition with our markets overseas for primary products. For some years, both France and Italy have been conducting campaigns, with all manner of government aid, for self-sufficiency in foodstuffs. The reasons for these have been partly political, partly military, partly economic. In both cases, they have met an extraordinary degree of success, and we may fairly assume that henceforth France will be self-sufficient as far as foodstuffs go and, in good seasons, will even join the ranks of exporting countries, assuming always that markets can be found. While the

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outlook in Italy is not as favourable as this, the campaigns (especially those of 1932-34) appear to justify the conclusion that Italy will soon grow enough grain of her own.

Australia, therefore, can neither create a market in France, nor expand—or even hold—the market she has in Italy. I am thus of opinion that present economic conditions in these three countries cannot affect Australia's recovery to any considerable degree.

Turning to JAPAN, we find a still different problem. Of recent years, Japan has depended upon a rapid, indeed a forced, rate of industrialisation. This in turn has rested on securing raw materials (especially the coal, iron, food-stuffs, wool and cotton she so badly lacks) and on disposing of the manufactured products in the world's markets. The former led her to the Asiatic mainland; the latter occupies her main attention at the moment, for, without adequate and expanding markets, the entire Japanese system must collapse.

Owing to the recent transformation of the Japanese industrial situation, there is no doubt that Japan can compete abroad, as long as competition is possible. Nor is this due entirely to low wages or a low standard of living; nor is it due entirely to the depreciation of the yen; and still less is it due to the cheap nature of the product. The clue to the present Japanese situation is mainly the efficiency of the factory-organisation (as the recent Lancashire negotiations have shown so clearly). There is therefore little need for Japan to dump her products; they can compete by themselves.

Under these conditions, the Japanese only request a fair exchange. In particular, they argue that the position with regard to Australia is a model of what it should **not** be. Japan takes from Australia over £11,500,000 of goods (of which wool amounts to £8,000,000 and wheat to £2,750,000), whereas in exchange, Australia takes only £3,500,000,

The World Position in Relation

mostly in silk-goods. This question of reciprocity, in view of a possible future expansion of Japanese markets, thus assumes a far greater importance than arises, or can conceivably arise, in the case of any European country.

At the moment, Japan claims that developments of artificial wool and of mainland Asiatic production will affect her purchase of wool from Australia, for all save the finest grades. But there is little evidence to support these contentions, for large-scale production of the right kinds of wool in Korea, Manchuria, and Mongolia remains a pious aspiration. From the Japanese point of view, there is every reason to expect an expansion of her wool-purchases, if they receive what they deem decent treatment for their own products.

With regard to wheat, the position appears particularly hopeful as far as Australia is concerned, because here enters the question so vital in modern Japan—the changes in social life and tastes due to increasing industrialisation. As the country becomes more urbanised and as the country-workers flock to the city-factories, the standard of life changes. This feature has been most noticeable in the Japan of the last ten years. It has particularly affected the place of rice in the national economy and, indeed, has provoked one of Japan's main internal problems—the position of the rice-farmer unable to compete with imported Indo-Chinese rice and changing tastes on the part of the people. Japanese authorities agree that the old simplicity of Japanese diet—particularly the old reliance on rice—will rapidly disappear.

In other words, a great market presents itself for wheat from overseas. Already Japan takes £2,750,000 of our wheat, and any possible extension of this market should be in the forefront of trade-negotiations with that country. (Similar arguments apply to the £6,000,000 of wheat and allied products Australia already sends to China and the £1,050,000 of primary products going to the Netherlands

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East Indies.) It is true, of course, that such market-extensions depend on the purchasing power of the individual Easterner; and while over-optimistic estimates of Eastern markets, based solely on population-statistics, have little justification in practice, there is no doubt that possibilities for expansion do exist. This is especially the case in Japan, where industrialisation is hastening social changes and where the farmer is rapidly losing his position, both economically and politically.

Finally, Japan is differentiated from practically every other nation with whom Australia has to deal, in that the Japanese are eager to make sacrifices and to compromise with regard to the extension of trade they so fervently desire and on which, indeed, their very national existence depends. Increasing foreign trade—the result of a constantly growing industrialisation—is the chief answer of the Japanese to their population problem. Professor Ujeda anticipates a Japanese population of eighty million by 1960, and national economy is being planned to cope with such a population.

This dependence on foreign trade accounts for Japan's strong resistance to the Hawley-Smoots tariffs which the United States introduced in 1930 and to the Ottawa agreements. Present official attitudes are summed up in the report of an inquiry by the Chambers of Commerce early in 1934:

“With regard to Canada, Australia and New Zealand—if those countries are ready to buy Japanese manufactures and the Japanese people can raise their standard of living, the country will become a highly profitable market for wheat and wool, of which rapidly expanding trade is already developing in recent years. (sic!) But under the present position, the hope that Japan may be able within the next twenty years to increase her export trade by from 50% to 100% cannot be entertained even by those who are most optimistic.”

The World Position in Relation

Here is the entire Japanese position in a nutshell! The remedies, as well as the prizes, are not difficult to point out in theory.

THE CONCLUSIONS OF ANY SURVEY of world-conditions, in so far as Australian trade is concerned, are largely negative, disconcertingly so. A process of elimination brings us inexorably to the following results.

FIRSTLY, Australian trade with Continental countries has no large possibilities of expansion and indeed, its importance at the moment is exaggerated. With the exception of certain grades of wool, every tendency is towards a further restriction. Australia's immediate future interest appears to be concerned with negotiations with countries like Belgium, France and Italy to take imports roughly corresponding with our exports to those countries. Bilateral agreements seem inevitable, although the magnitude of the trade in issue does not make the matter important, except in principle. There is also the question of possibly removing the **indirect** influence of the major European countries on our primary exports to England. In this respect, quite apart from English restrictions, the outlook appears more hopeful than is commonly supposed.

SECONDLY, the Eastern markets are uncertain, from the point of view of possible extensions. While the statistical position and the mood of Eastern governments warrant the assumption that any change from the present must be for the better from the Australian standpoint, the main determinants are still the concessions we are prepared to offer in return and, even more important, the results of social and economic changes in the Orient (especially increases in individual purchasing-power, altered standard of living, and changing tastes). The outlook for wool does not appear to be really challenged, and the market for wheat must be capable of great expansion.

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THIRDLY, the American position is so confused and unparalleled that analysis or prediction of likely future developments yields little. A study of the figures, however, would indicate that Australia, by reason of her large imports from America, has a bargaining power resembling that which the various European governments (to take from Australia much more than we take in return) have towards us. It is difficult to foresee any large extension of Australian exports in this direction, and our main problem appears to be in connection with America's exports of wheat to our markets.

Thus, economic facts combine with tradition and trends of developments to lead us to **the English market**, to which we export £67,500,000, and from which we take only £23,500,000. Since at least 55% of our exports go to Great Britain (Japan is next with 10%) and since most of the remainder are spread in very small quantities over a great number of countries, the moral is obvious—as long as we can find a market in Great Britain. That is to say, much of our fortune depends on the possibility of maintaining or extending the £11,500,000 of wool, the £8,500,000 of butter, the £7,600,000 of wheat, and the £1,100,000 of sugar we send to Great Britain. Putting aside wool and sugar, this largely reduces itself to a question of the extent of Britain's agricultural reforms since 1932 and of her policy towards the Dominions. As I have pointed out earlier, I believe the position in this regard to be much more hopeful, from the Australian point of view, than is generally believed, and that the Elliot schemes will not permanently have their present predominating part in the national economy. In any case, the Dominions have powerful bargaining weapons.

Thus, the conditions within each country and the magnitude of the trade with Australia in each case combine, with a striking parallelism, to demonstrate that, if we are not to adopt the policy of isolation so dear to some of our political parties, our main concern must be with Great

The World Position in Relation to Australian Trade

Britain. As adjuncts to this are the conclusions that Eastern markets, as potentialities within practical realisation, transcend those of America, and that Continental markets are small and negligible, so that the question of political obstruction on their part matters little.

—S. H. ROBERTS

CAPITAL CITIES AND AUSTRALIAN PROGRESS

By L. C. WILCHER

(Dean of Trinity College, University of Melbourne)

Victoria's Centenary (which Melbourne, by the way, seems to be appropriating to itself) is being made the occasion for many things—among them a whole crop of Centenary Hotels and Garages—and it would be only fashionable to make it the occasion for yet another contribution to the old controversy as to the effects of urbanisation in Australia. Why are our cities so big? What part have they played in the country's development?—and are they, in the classical phrase, a good thing?—these questions are surely pertinent enough now that our second largest city is making preparations for its hundredth birthday. They are questions, of course, which have been asked and answered often before: but it is hard to believe that the last word has been said, or that there is no room for just one more series of tentative suggestions. Tentative they must be, for the subject is too complicated for a laying down of the law; but if they shed a little additional light on a truly fascinating problem—the problem of the effect of urban conditions on life and character—they will have served their purpose.

Our analysis will be more fertile, perhaps, if it starts from a fundamental distinction as to what we mean by the word urbanisation. (It is a bad word, but that cannot be helped.) As applied to Australia "urbanisation" can mean two quite different things. It can be used, first of all, in reference to the fact that the majority of the Australian people (at the moment about 65 per cent. of them) live in

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what are officially known as "urban incorporated areas" of 2000 inhabitants and over: i.e., to urbanisation in general. It might be noticed that there is no unanimity as to the minimum number of inhabitants a place must have before it is defined as urban, so the Australian figure must be weighted for the purpose of international comparisons. No such necessity arises, however, when the word is used in its second and more usual sense: i.e., in reference to the even more remarkable fact that half our people (or nearly five-sixths of the total urban population) are concentrated in the six capital cities. This overwhelming metropolitan preponderance may make the distinction seem pedantic; but its real value will become more apparent, I hope, as the analysis proceeds.

Another point worth noting while the ground is being cleared is that the phrases "drift to the cities" and "rural depopulation", although often used in reference to Australian conditions, must not be interpreted as meaning that the country population is actually declining. On the contrary: it is increasing. But it is not increasing anything like as fast as the urban populations. In 1901 the number of people living in urban areas generally comprised 54 per cent. of the whole: by 1921 the figure was 62 per cent., and in 1933 the Commonwealth Censor estimated it at 64 per cent. The percentage varies, of course, from State to State (it is nearly 70 in New South Wales as against approximately 50 in Tasmania), but the same tendency towards rapid urban increase, both absolute and relative, is common to them all. As for the metropolitan population proper, it increased over the same period from 38 per cent. of the total to 50 per cent. The population as a whole is becoming more urban, and the urban population is becoming more metropolitan.

It is useless looking for effects without knowing about causes, so the next step must be to consider how this progressive urbanisation of our people has come about. The old explanation used to be "the lure of bright lights and

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football matches," and the old explanation is still partly right: but it would be like flogging dead horses to point out that it is also partly wrong. People can only afford the excitements of town life if the towns can offer them work—and work at wages not substantially lower than those which can be obtained elsewhere. Recognition of this has led some people to believe that the Tariff has done it, by increasing the capacity of the secondary industries to offer employment; but this belief seems to have little justification save in the faith of the Protectionist. In the period of the most striking tariff expansion (1921-1931) the percentage of factory workers to all breadwinners actually fell from 7.1 to 6.9: from which it may be inferred that protection, although it has possibly done something to keep people in the towns, has done little or nothing to attract them there. The real explanation, then, lies elsewhere: and is to be found, I think, in the close parallel which has existed between relative urban increase and the rural fertility trend. The agrarian developments of the last half-century—characterised as they have been by the use of improved tools and machinery and the application of the results of ever more efficient scientific research on animal and plant life—have all been in the same direction: increased output capacity per man and per acre. It is difficult to measure the extent of this advance, but its effect on rural employment is obvious. Less labour can now work more land; and as the world's ability to consume primary products is not unlimited, this means that the land can employ less labour. It has been estimated that since 1850 approximately 27 million men have been displaced from agriculture by machine-farming developments alone, and that even in a country like the United States (until recently the greatest exporter of primary products) the percentage of all workers engaged in the primary industries has been halved in fifty years. This displacement has been accompanied, of course, by a roughly corresponding expansion of the trades and professions less directly concerned with the satisfaction of primary wants: the men released from tilling the soil are

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slowly—and painfully—absorbed into other and, from the nature of things, uniformly urban occupations. To put it succinctly, the towns can offer more work because the country, having become so much more efficient at its job, can offer less.

As far as urban increase in general is concerned, then, Australia's experience is simply an example of a movement that is world-wide. The concentration of her townspeople in a comparatively few large cities, although not without its parallels, is more unusual, and requires special consideration. The explanation here, I think, lies in the economics of transport control. Australia, as all the world knows, is a land of "magnificent" distances, but up to the present habitable Australia has been confined to two attenuated areas—the narrow coastal crescent of fertile land which stretches from Cape York to the Gulf of St. Vincent, and the south-western triangle. Early settlement accordingly took the form of a series of assaults at favorable points on the coastal rim—assaults which were scattered partly for political reasons, but chiefly because providence had ordained that the favorable points themselves should be scattered. From the outset, then, Australia was a many-centred continent, with its centres many hundreds of miles apart: and it was a continent in which "development" could only mean the creeping out of population along the roads and railways which spread out fanwise from the coastal settlements along and across the fertile rim. Each of the settlements therefore grew up not merely as a centre of government, but as the focal-point of the transport system, internal and external, of its own colony. Endowed with these advantages, which together gave them an almost complete monopoly of the country's entrepot trade, the capitals flourished accordingly, and by 1870 were clearly destined to become the points at which the accessory services would tend to localise themselves. All that was necessary to transform the potentiality into a fact was the development of mechanical transport and its twin-brother, large-scale industrial technique.

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With every successive advance in these spheres—and the advances have been legion—the advantages of the capitals as places in which to carry on the industries ancillary to agriculture have become more apparent, and the metropolitan absorption of these industries and their workers has progressed accordingly.

One thing, then, is reasonably clear: it is absurd to regard urbanisation in either of its aspects as being artificial and unnatural. It is the result of a process as appropriate and as inevitable as the biological process itself: to deplore the size of Sydney would be about as sensible as deploring the size of man. Once this is admitted it is easy to see that, despite the croakings of those who think that society is healthy only when it is based on a broad-bottomed peasantry, the process has not been without its advantages. And of these, two are pre-eminent: first, the increased **complexity** of our civilisation which has arisen as a result of the expansion of the "secondary" services; and secondly the improved **quality** of our civilisation which has been brought about by the concentration of those services in the metropolitan areas.

As for the first of these results—the greater diversification of economic life which has accompanied the shift from rural to urban occupations—the development of the secondary services tells its own story. In 1871 the primary industries employed 44 per cent. of Australia's breadwinners, as against approximately 26 per cent. in 1930. The 18 per cent. thus displaced into other walks of life were distributed as follows: manufactures, 5 per cent.; commerce, 7 per cent.; transport, 5 per cent.; and the professions, 3.5 per cent. (The discrepancy in these figures—roughly 2.5 per cent.—is accounted for by a decline, lamented among housewives, in the relative number of people engaged in domestic services.) In the case of manufacturing, the expansion (26 per cent. to 31 per cent.) was relatively small, but in the case of the other groups mentioned it was quite remarkable. Commerce's share of every hundred bread-

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winners doubled in sixty years; transport's quota more than doubled; while the professions' percentage grew from a pigmy five point one to a comparatively giant eight point seven.

All this, you might say, is quite possibly true, or at all events we will take your word for it; but is greater complexity in itself an advantage? Is the community any better off because, relatively speaking, there are fewer farmers and more clerks, bus-drivers and professional men? This question at once has us floundering in the deep waters of the controversy which rages around the Chestertonian belief that men were happier in the Middle Ages than they are to-day, and may carry us into the even deeper waters of philosophical debate as to the Right and the Good; and when one thinks of the rocks and sharks which abound in those waters, the question seems one which it is best to avoid. But it would not be tempering discretion unduly with valour to say this much: that there are reasonable grounds for supposing that the expanding scope of Australia's accomplishments has been accompanied by greater material prosperity. Clerks and transport workers, doctors, civil servants and economists—each have been enabled, through increasing numbers, to make a greater contribution to the country's efficiency. The contributions differ in kind—they vary from improvements in business method to quicker transport, from greater care of the national health to better statistics—but in effect they are all the same: they all tend to increase Australia's capacity for effective production. On the material side, in fact, Australia has been experiencing on a large-scale the advantages of an increasingly complex division of labour. On the non-material side, as is always the case, the results are less easy to assess, but here too there seems to be some reason for satisfaction. Australians of this generation can boast nearly twice as many lawyers, professors and school teachers per cent. than their grandfathers had: proof that the country which has to spend less effort in satisfying the needs of the body is devoting more to the requirements of

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the mind. To what actual extent the Australian mind has benefited it is impossible to say: but that it has benefited must be apparent to all. Illiteracy, at all events, has almost disappeared.

The development of the secondary services, it has been said, has allowed us to enjoy the advantages of a more complex division of labour. One can continue the analogy and say that the concentration of those services in the metropolitan areas has resulted in economics of the same genre as those which characterise large-scale enterprise. The comparison is not inappropriate, for the growth of our cities is at once a result and an instance of the world-wide transition from the small-scale to the large-scale unit. The prices which have produced modern Melbourne are the same at bottom as those which produced the Ford works at Detroit; and so are the results accruing. In both cases increasing size has been accompanied by diminishing cost, and this in turn has generated further advance in quality and effectiveness.

On the purely economic side the advantages of urban concentration are now beyond dispute. Take transport, for instance. "It has become apparent," writes Dr. G. L. Wood, "that the localisation of industry implies very decided advantages for a small population of $6\frac{1}{2}$ millions . . . In particular, the handling of the products of a vast hinterland at a relatively few points, and the convergence of land and sea routes upon those points, was a development as economical as it was inevitable." It was inevitable, indeed, only because it was economical. And what is true of transport is true also of the other accessory services. Unlike his English vis-a-vis the Australian farmer has suffered comparatively little from the inconveniences of haphazard local marketing; and he has suffered even less from the disturbances, so well known to American farmers, which arise from a decentralised banking system. For these mercies he is almost entirely indebted to the banks and land companies which have grown large with the cities. Banking,

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marketing and the processing and handling of products—in each of these fields concentration has brought about a stability and an efficiency which otherwise would have been impossible.

But it is on the less directly economic side that the argument finds its most striking illustration. A city of a million inhabitants may not maintain a greater **number** of libraries and professors, doctors and schoolmasters, welfare workers and students, than ten cities of a hundred thousand inhabitants: indeed the chances are that it will maintain less. But other things being equal, the chances are that in **quality** the forces making for what the Americans have prettily called uplift will be more advanced and more effective in the case of one large city than in ten small ones. The explanation, of course, lies in the existence within a few square miles of a relatively large number of people interested in the same thing: the seeker after truth in any field will get further if he seeks in company. The argument has its limits—just as the economies of large-scale production have their limits—but it contains an obvious truth. Those who have had an opportunity of comparing a large university with a small one, for instance, know only too well that the smaller institution works under great disadvantages. The weekly debates of the Philosophy dons at Oxford, the everlasting supper-parties-cum-discussion-groups that go on in a large university college (wherever it may be), the heated wrangles which take place wherever five or six economists are gathered together—these are joys which a small university, with its one man departments and the relatively small groups of students taking its various courses, can never know. And the point is that these joys are precisely those which form the most valuable side of university life. Lectures (providing the lecturers themselves are up to the mark) and books play their part in providing the necessary information: but information is useless without critical examination, and that is impossible without discussion—discussion “about it and about.” In providing opportunities for discussion of this kind—not only

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to the academic world, but to the professional and technical classes as well—the Australian city has made a genuine contribution to the nation's cultural standard. In things intellectual as well as in things temporal the concentration of our energies has helped us to achieve better results.

But what of the equipment—the libraries and art galleries, the laboratories and clinics—our professional men have to work with? Here the modern trend is markedly in the direction of the large unit. It is not enough in the present day that a library, for instance, should contain a moderate number of useful and interesting books (most small libraries do that): to be a good library it must contain books of every class and kind—good, bad and indifferent, up-to-date and out-of-date, rare editions and editions which are as common as rabbits outside the Ninety-Mile Gate. In other words, it must be a large library. Much the same thing may be said of clinics, hospitals and the rest: progress is greatest in the large, well-equipped unit—which is tantamount to saying, of course, that it occurs mostly in the city. Only in a city, where purses are long and consumers (or patients) are plentiful, is the large establishment economical. It is clear, then, that while one hesitates to claim that Australia is in the first rank as far as equipment is concerned, urban concentration by helping her to start arming herself on the right lines, has placed her high among countries of her size and age.

Mention of consumers raises one last point—the economies of the large and unified market. Supply and Demand, as Alfred Marshall said are like a pair of scissors: one arm is essential to the other. The more effective demand is, the more effective supply can be: and the demand of a concentrated market, clearly enough, is infinitely more effective than that of a scattered market of the same size. More susceptible to advertising and more flexible in its adjustment to changes of fashion, it also offers greater economies in the way of transport and distribution. It is only a matter of logic, therefore, to see that on this side, too, Australia

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lia has gained from the size of her cities. What brings musicians and actors, revivalist preachers and coon bands to this country is not so much missionary zeal as the knowledge that in six readily accessible places they will find large audiences. The appearance of Paris fashions in the streets of Adelaide within six months of their creation and of books in Melbourne bookshops five weeks after their publishers have released them may be attributed to the same set of factors. It is her possession of a series of concentrated markets that is keeping Australia up-to-date.

* * * *

By far the most interesting aspect of the shifting balance of our population is to be found in the influence of urbanism on opinion, and through opinion on policy. Here we enter upon highly controversial ground, and one can do little more, in an article of this kind, than sketch the nature of the problem. When Sydney catches a cold, it can be said, all New South Wales sneezes. Weight of numbers, the predominantly urban character of the press, the presence of most of our public men in the capitals—these and countless other factors have given Australian opinion a distinctly urban flavour. John Citizen, not Dave, is the characteristic Australian figure: because what John Citizen is thinking to-day Dave, for all his individualism, will be thinking to-morrow. A similar tendency is to be found in most other parts of the modern world, but there is this difference: in most of the "old" countries the existence of local traditions and local dialects has endowed the provinces with some measure of resistance to urban influence. In Australia there are no bulwarks. The average farmer in this country seldom regards his land as a place on which to build up a permanent home for himself and his family: his object usually is to "make a pile" and retire to the city. The people who teach his children, the papers he reads, the very machinery and technique he uses in his job—these all come from the city, and it is towards the city that his eyes are always turning. In these circumstances the evolution of local tradition is virtually impossible, and it is hardly

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surprising that the Australians are one of the most homogeneous peoples on earth. "The housewife, whether her iron-roofed kitchen is situated on the polar front of southern Victoria, or in the steaming coastal plains of Queensland, observes the same hours of labour, cooks the same stews and puddings, and goes shopping in the same fashion of hat." In one brilliant sentence Professor Hancock has painted the whole picture: except that one might add that the hat was probably bought during his housewife's last expedition to town for the Show.

Homogeneity of opinion and outlook, even where it leads to dull standardisation, is by no means a bad thing in itself: indeed, in preparing the ground for political union it has rendered Australia at least one very real service. But the question which arises is this: have the cities, which have played so large a part in producing this homogeneity, and which have exerted through political and social channels such a formative influence on opinion and policy, always used their power for the best? This is where the controversy begins, and we must tread carefully. It is reasonably safe to say, however, that in some matters the cities' controlling voice has had questionable effects.

It must be remembered, first of all, that the cities of Australia, although closely alike in character, have always been very suspicious of each other. "One has to have been in Oceania," Andre Siegfried has said, "to realize to what an extent neighbours seven to nine hundred miles away can be thought annoying." The suspicion is due partly to distance, but chiefly to economic rivalry. One glance at the map suffices to show that in no instance save those of Bass Strait and the Nullarbor Plain do Australia's political boundaries coincide with natural barriers: rather, it shows that they are arbitrary straight lines drawn across empty, or nearly empty, country. A second glance would show that the country, again with the two exceptions noted, has no natural barriers at all. In other words, there is little or nothing in the configuration of the country to prevent

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farmers in districts which, like the Riverina and the Northern Valleys in New South Wales, are equidistant from two of the great seaports, from sending their products to either of them. The result, before Federation, was that the cities looked to their politicians to provide what nature denied them: i.e., an adequate bulwark against the machinations of the man next door. Inter-colonial Tariffs were established, competitive railway programmes were launched, and breaks of gauge, whether by accident or design, were maintained. Most of these evils (breaks of gauge are an outstanding exception) have disappeared, but their fruit has lived after them—notably in the character of the Commonwealth constitution. That Australia, when she decided on union, chose the Federal form was due, not to differences between the States as such, but primarily to the inter-urban rivalry which the peculiar relationship between town and country in each State had generated: and it has been argued that the continuance of this relationship provides the main case for retaining the Federal form to-day. Now we need not feel that the fathers of our Constitution wrought unwisely: the instrument they forged, indeed, was the only possible one in the circumstances. But what we have to notice is that, as a **result of the pressure of urban opinion**, they chose what is admittedly a weak form of government under modern conditions.

Another dubious manifestation of urban control is to be found in connection with fiscal policy, which in Australia's case has been framed to meet the demands of urban rather than of rural electorates. The Country Party, it is true, has long since attached itself to Protection, but not, one suspects, because it is convinced that Protection really helps the farmer, but because it has been too weak politically to make any effective attack on it. What it has sought is protection for the farmer—in the form of bounties, land grants, and development schemes—to compensate for the protection afforded to the manufacturer and urban labourer by the New Protectionist policy. And in some ways it has been remarkably successful. The various Legislatures,

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both State and Federal, have not been deaf to the farmer's cry for assistance: they have, indeed, made prolonged and often admirable efforts to satisfy it. Butter bounties and experimental farms, unprofitable wheat-belt railways and water conservation schemes are just a few of the many reminders that Australia has not forgotten the rural industries which are still the fundamental source of its prosperity. (Wheat and wool alone provide half of Australia's exports under normal price conditions, and our export of dairy produce has increased enormously in recent years.) For all that we cannot ignore the real clearage between State-Aid to rural industries and the main trend of economic policy—a clearage which is already old and seems to be increasing. The cities which in the 19th century exerted their political power to intensify their natural hold over the entrepot trade of their States are still bound to policies which, however justifiable they might be politically and ethically, certainly have had the effect of raising farmers' costs. Monetary developments, it is true, have in recent years done something to minimise that effect: but the effect is there. Whether the advantages accruing are worth the cost has yet to be decided.

It must be noticed, in conclusion, that there have been two attempts to lessen the pressure of urban opinion on legislative action. The first of these, the adjustment of seats in the Victorian Legislature in favour of the rural electorates, has borne little fruit: and the second, the establishment of the Federal capital at Canberra, has hardly had time to affect the situation. Condemned as a white elephant and accused of robbing Australia's political life of its best men, Canberra remains a fascinating experiment. It is said that the Canberra of to-day, peopled as it is with families who have spent most of their lives in the cities, fills its inhabitants with a sense of exile. This may or may not be true. But who shall tell that the Canberra of tomorrow—a Canberra which has had time to grow and to acquire traditions—will not supply an element which has hitherto been lacking in Australia's political life? To one

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who has just returned from Oxford, which despite the efforts of our Oxford correspondent still wears its traditional air of calm detachment, to a university situated at one of Australia's great industrial hubs, the experiment seems well worth while. Just as there is something to be said for having a university at a distance from the outside world, so in the abstract there is a case for removing the centre of government from Melbourne, that teeming, sprawling home of organised democracy, to a place where government will have a chance of acquiring the detachment which is essential to its function. But there is this weakness in the analogy: as compared with Oxford Canberra is an artificial creation. If the Federal capital is to do what its sponsors hoped of it, its cold curves must absorb some of the natural vitality which flows so vigorously through the less comely limbs of the other Australian cities.

—L. C. WILCHER.

SECONDARY EDUCATION

By L. C. ROBSON.

In general, educational systems recognise four stages:—the infant stage and the primary stage, which together cover childhood, then the secondary stage, and finally the tertiary stage, which includes University education. In most countries the secondary stage covers the years from 12 to 17. It is, in every way, the most varied in its problems. It covers a time of life of very rapid growth, physical and intellectual; it is obliged to take account of many widely differing objectives: it must above all stages, take account of the moral and spiritual development of its subjects.

The factor of rapid growth is exceedingly important: both the temperament and outlook change markedly during the years 12 to 17. The youngster of 12 or 13 is usually keen, malleable and eager for direction. At 14 or 15 he is in the hobble-de-hoy stage, often untidy, usually boisterous and irresponsible and his nose has to be kept to the grindstone. The pity of it is, by the way, that the vast majority of boys leave School at this stage, before a beneficent School environment has had time to guide them to the greater maturity of character which enables them to stand on their own feet. At 17 the boy is, as a rule, almost a young man: he is altogether more responsible, he feels more confidence in ideas of his own and sees his objective more clearly. A secondary School must provide a discipline appropriate to all these ages and its teaching should be sufficiently free to be accommodated to this rapid development. There must be a foundation of sound general training imparted in the earlier age, upon which sure building may be done later. There must be scope for the develop-

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ment of varying aptitudes which reveal themselves as the boy opens out. There must be freedom to develop in various moulds. In the later years there must be a readiness to acknowledge the requirements of various vocations as far as possible.

While a secondary school must aim to turn out good workmen for the work-a-day world, it will always have before it as its chief aim the turning out of men of character. Arnold explicitly said that his ideal was to make of every boy, first, a Christian, second, a gentleman, third, an educated man. This, in whatever terms it may be expressed, must be the supreme aim. Without it, no educator has been really great and no School has been really great: it must be the fundamental inspiration of all sound educational organisations. It must be the definite purpose behind the Secondary school above all other types: for it is in the secondary stage that moral ideals are strengthened and crystallised and that religious ideals are turned into actual motives. The secondary teacher must be more than an instructor: if he is to do his best work, he must be governed by a high moral ideal, which he will translate to his pupils not by mere precept, but also by the attitude which he adopts in his relation to his work. Just as religion cannot be taught in a School Chapel alone, so the moral purpose of a School will be achieved by the tone of the environment which it provides.

The teaching structure of secondary work consists of the curriculum—the nature and order of the subjects taught—the syllabus, that is, the plan upon which each is taught and the method, or procedure adopted in teaching. Argument concerning the curriculum is endless, and will last so long as men's minds remain active. There is perhaps an impression that changes do not come rapidly because schoolmasters are hide-bound and conservative. No doubt this is true, but a sound policy will often be conservative in that it will hesitate to replace a tried plan by something whose superior merit is unproven. For example, the

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wisdom of continuing to teach Latin is often questioned: however, experience has shown that by means of Latin, boys can be taught to think clearly with respect for the accuracy of the written and spoken word. There is no better training, in inductive thought, provided there is a foundation of sound grammatical preparation. In many directions changes have come and are coming; they have come more rapidly in countries in which schools are free from the undue pressure of external examinations, and in which standardisation has not been carried to extremes. Space does not permit a full discussion of the curriculum or of the principles of a syllabus. The latter should not be too rigid. The value of a subject as a vehicle of education depends not so much upon the matter of it as upon the viewpoint behind it. A good teacher must not be unduly cramped by a syllabus; he will do his best work if he is enabled to give a great deal of himself, his own experience and his own enthusiasm. There must be enough system to prevent diffuseness and to secure continuity, but not so much as to cramp the efficient master.

In New South Wales there has recently been considerable controversy concerning secondary education. Up to a point, the organisation of this branch of education is on good lines. Many problems have presented themselves in the past: they have been tackled energetically and the more pressing have been fairly well solved. This community differs from some others in which there has recently been successful activity in the organisation of education, in that it is widely scattered. The High School system has been developed with a view to bringing to as great a number as possible over a wide area the benefits of secondary education. The growth in the number of pupils has been enormous and at least it can be said that they have been well assimilated and that the education which they have received has been fairly sound and useful. By means of the Public Exhibitions the road to the University has been opened for a very great number from all strata of the community. The organisation is based upon the Act of

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1912 and has been developed from it. The defects from which the system is now suffering arise from the fact that since 1912 it has not been in any marked degree fluid and, indeed, there has been no way of modifying it from time to time. The methods of mechanisation and standardisation which were appropriate to a time of rapid expansion have become a habit: examinations are used for purposes for which they were not intended: regulations have become intertwined in their effect so that it is difficult to alter one without also altering others. In 1934 we are stuck in the rut of 1912—a fairly good rut, but we could have advanced much further. It is greatly to his credit that the present Minister has heard the current of unrest and has proved willing to consider progressive measures.

It is difficult to explain fully the objections to the existing system without entering into burdensome detail. Speaking broadly, there are three chief objections; first, that secondary education is influenced too much by the requirements for University education: second, that undue prominence is given to external examinations, namely, the Intermediate and Leaving Certificate Examinations, at the expense of freedom of schools and teachers: third, that these examinations, in the light of modern ideas, are unsuitable in form.

With the first of these objections I shall not deal at length since Mr. Macneil, in the June issue of the "Australian Quarterly", has approached the educational problem from this angle. There can be little doubt that for all pupils there is a strong bias towards preparation for tertiary work, in spite of the fact that the vast majority complete only three years or less and an exceedingly small percentage actually enters the University. For this reason, there is solid ground for the statement that many pursue too far a curriculum which is not in accordance with their practical needs. The University cannot be held responsible for this, for it can scarcely be expected to require of its matriculants less of a certain type of education merely because many

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aim to become University students, but fail to realise their hope. I believe that the solution of this question is largely a matter of adjustment over a period: and that, if the demands of external examinations were modified, it would be possible both to give the University the class of student which it wants, and also to provide sufficient elasticity for the needs of the majority.

It can scarcely be denied that the second contention is well founded, and that, in New South Wales, we are at present obsessed by examinations. Most people recognise that examinations are necessary as an incentive, as a standard and as a means of co-ordination. However, it is surely axiomatic that their place is upon the road to education and not as its only goal: they should be a means to an end: they should follow a sound curriculum and not determine it to the exclusion of all reasonable and progressive modification. I am inclined to suggest that in New South Wales the examinations have gained ground year by year until they have captured the educational system. The object of many a fond parent is secured if his boy "gets his Inter" (dreadful phrase!): employers claim, though sometimes, I fear, with their tongues in their cheeks, that they require a pass in the Intermediate from applicants: the examination has in fact become one of our public institutions. So we are told that we must not interfere with the Intermediate, because parents and employers place a high value upon it. We are, in fact, caught in a vicious circle, from which only drastic action can liberate us. It is often alleged that, since the Intermediate is not a statutory examination, the private schools need not take it and can therefore free themselves from its influence. It is quite true that a School, if it were strong and brave enough, might take the risk of abandoning this examination: the risk would be fairly small in the case of those Schools which are well established, since the certificate of their Headmaster would no doubt be accepted by private employers. However, to abandon the Intermediate would be of little value, since no School can possibly free itself from the Leaving Certificate. The latter is the

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normal avenue to matriculation and upon its results the Public Exhibitions are awarded. Hence, in practice, all schools are seriously limited in respect both of the range of subjects for which they must provide, and also of the way in which they develop individual subjects: above all, they lack the incentive towards originality.

If the examinations themselves were arranged in accordance with modern ideas, the situation would not be so bad. However, they are obsolete in type. In recent years, in most other countries, the development in secondary education has been in the direction of a system which takes cognisance of the principles briefly sketched at the beginning of this article. There has been a tendency to give reasonable rein to the sound individual teacher, and to permit a measure of freedom to the individual school.

Competitive external examinations are delayed as long as possible, and there has been a relaxation of the conditions governing the syllabus of work in particular subjects. The curriculum has been so arranged that a broad general education is provided up to the age of about 16 years, but after that age provision is made for moderate specialisation in subjects which are of greater intrinsic and vocational value to the pupil. A comparison of our examination conditions with those which now obtain in England shows how little we have advanced in this direction.

The Intermediate seems to exist chiefly because it is a habit. It replaced in 1912 the old Junior Public Examination which was taken at much the same stage. It has grown beyond all reason: it now attracts about thirteen thousand pupils from high schools, technical, commercial agricultural and domestic science schools. Whereas it was originally intended to mark the halfway stage in secondary education, it has now become a curious mixture of papers taken by pupils with all kinds of objectives and of whom the majority have no intention of taking a full secondary course. It absorbs a quite absurd amount of administra-

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tive energy, and employs many University examiners upon work which is outside their ordinary experience or interest. The Leaving Certificate Examination has even more serious defects. Its conditions require that six or seven subjects shall be taken, of which mathematics count as two: in addition honours may be taken in not more than four subjects, the total number of pass and honour papers being not greater than ten. In most papers there are three standards—A, B, and Lower. Hence in any subject the examiner is faced with the problem of setting a paper which will test those who have a very sound knowledge, and which will at the same time give some vestige of opportunity to the deserving duffer, who, being unable to obtain a B pass, has not a satisfactory knowledge, but is nevertheless considered unworthy of complete exclusion from the list. It is no wonder that papers are sometimes of questionable value to both types of pupil. Again the position of honours work is most anomalous. The honours standard is considerably above the pass standard, but, for each, five years, not more nor less, is prescribed: hence, the candidate for honours must complete the five-year pass course in four years and then study honours work, or else he must do the latter in the fifth year concurrently with the pass work which ought to precede it. Again, the number of papers taken is excessive: and there is deliberate encouragement to take a great number of papers, because the Public Exhibitions are awarded upon the total marks of ten papers. In practice, many pupils are tempted by the prospects of material gain to take papers as possible “mark scorers”, at the very time when they should be achieving freedom for the pursuit of their interests and enthusiasms.

Now contrast the English system. There are two external examinations, the School Certificate, taken at a time roughly corresponding to our fourth year (that is, a year later than the Intermediate) and the Higher Certificate, taken one or two years later. The former is intended to mark the conclusion of a general secondary education: the definite and very reasonable idea behind it being

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that any subject of smaller intrinsic or vocational interest to the pupil has by the end of the fourth year made its full contribution to his general development. Its papers are set with the sole purpose of testing whether the candidate has a satisfactory knowledge of the subject: they are in no way used as a comparative test between candidates. Great latitude is allowed in the treatment of the subject: furthermore, any school may submit an alternative syllabus, and if the latter is approved, special papers are set in accordance with it. In most good schools, boys are not allowed to proceed beyond this general stage until their seventeenth year unless they are quite exceptional. The Higher Certificate acknowledges that reasonable specialisation is a fitting conclusion of secondary work. The number of subjects is small and the choice wide, though the conditions are so framed as to guard against a too marked bias in any one direction. There are two standards, namely, pass and distinction; once the pass standard has been satisfied, it is unnecessary to take it together with distinction work. The Higher Certificate is used for those purposes for which competition is necessary, for example, for University scholarships and the like.

The English plan has not been adopted by chance: on the contrary, there is behind it a long history of experiment and of progressive modification. A few years ago it was subjected to further close examination by a panel of very eminent investigators. The broad principles were affirmed, and recommendations were made concerning the manner in which further improvements might be effected. The report of this Committee is available in Australia: it is interesting to note that several of its recommendations are designed to remove from the School Certificate Examination the lingering traces of the defects which are so marked in our own examinations; so far have we fallen behind.

In the past the great hindrance to progress in New South Wales has been that there has existed no body whose

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business it has been to keep a finger on the pulse of secondary education. The University has been interested, but only indirectly, in that it has been concerned with the standard of the small minority which has gone to its classes. The Department of Education has been absorbed in the immense task of co-ordinating a huge and almost unwieldy system, of which pure secondary education is only a part. There has been a Board of Examiners, but, though its members have been individually most competent and energetic, it has, as its name implies, been concerned only with the efficient working of the examinations which it had no power to change. The Committee, which was appointed by the Minister last year, carried out the first real survey of the position which has been made for twenty years. The general report of the Committee has been made public, but the special reports of sub-committees dealing with particular questions have not been published. It may be said that there was an overwhelming opinion in favour of a change in the system, but that the Committee realised that the necessary changes could best be made by co-ordinated steps extending over a period. The report has therefore laid most stress upon the desirability of forming as soon as possible a Council of Secondary Education, so constituted that it may be able to prevent the system from ever becoming stagnant again. It was the hope of the Committee that, when such a Council is formed, the recommendations upon specific points will be handed over to it, to be put into effect in due sequence.

The efficacy of the remedy is by no means yet assured. All will be well if the Council is really representative of the best and the disinterested elements of secondary education. In Victoria, such a Council, known as the Schools' Board, was constituted twenty years ago. It has made mistakes, but these have been entirely overshadowed by its successes. The Victorian experience is entirely at our disposal, and there is every reason to hope that a Council in this State might achieve even better results. It is quite essential, however, that our Council should have—as the Victorian

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Board has—a sufficient statutory power to enable it to give effect to its view, and also that it should be so constituted as to ensure the full statement of every point of view.

—L. C. ROBSON.

WORLD'S WHEAT AND AUSTRALIA'S CONTRIBUTION

By G. W. WALKER.

A London Trade Journal recently reported an address delivered by one of Great Britain's Cereal Chemists to the Students of a large Bakery College. He prefaced his remarks by saying that it seemed to him about time some one conversant with the facts should proclaim the virtues of well-made modern Bread, and for that reason he took as the title for his address:—"BREAD, GLORIOUS BREAD." He said the phrase, "Beer, Glorious Beer," appeared well known to most people, and he then related having attended a Memorial Lecture, and by a curious coincidence the subject was "Beer." The Lecturer, he said, pointed out the close association between Beer and Bread—both being manufactured articles produced by fermentation processes, so there appeared to be some justification for the association he had already made between Bread and Beer. The Lecturer continued that in some respects Beer could be considered as "Liquid Bread," but, he said, "I was unable to ask him whether he considered the reverse equally true, and that Bread was the 'Solid form of Beer?'" Proceeding, he said, "If Bread may be described as Glorious, and if Bread is the wonderful food that I personally believe it to be, my message to you must be that your calling in life is an important and honoured one. On your shoulders will rest the preparation of the most important of all foods, in as good, and in as appetising, a form as possible.

I relate this story as a prelude to what might otherwise be regarded as a very dry subject, but its dryness in no way detracts from its national—or international—importance.

World's Wheat and Australia's Contribution

In dealing with world's wheat I think it is essential to draw four sharp lines between four important periods, and I suggest these lines should be between the years—1909/1913—1914/1920—1921/1928—1929/1934.

Conditions prevailing in the normal period before the Great War found two sharply defined groups of wheat importers:—

1. Countries with a Free Trade Policy, whose home consumption constituted only a small percentage of their total annual requirements.
2. Countries adhering to a tariff policy, whose home production furnished the greater part of their wheat requirements.

This statement refers specially to the period 1909/1913. A grasp of the position in these days is necessary in order to appreciate the reasons why wheat prices are now so depressed, and why they are slow to re-act to changes in the European demand.

The amount of wheat imported by the Free Trade countries of Group No. 1 was comparatively stable from year to year, mainly because their home crops were small, and fluctuations in the supply of native wheat had only a minor influence on the total of import requirements.

The quantity of oversea wheat taken yearly by the countries comprising Group No. 2, viz., the Tariff countries, fluctuated violently from one year to another. Imports depended almost entirely on the success or failure of their home-grown crops and, in the case of France, Germany and Italy, the home production fluctuated considerably from year to year.

To illustrate my point:—Records show that France imported in 1909 only 9 million bushels, while in 1910 she imported 99 million bushels, falling again in 1911 to 27 millions, and rising to 45 millions in 1912.

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Italy's imports in the same period varied from 40 to 72 million bushels, and Germany's imports in these years were equally varied.

When home crops were large these countries would raise their tariffs on foreign wheat, and lower them in the years of poor harvests, thus causing the demand for foreign wheat to rise and fall with their seasons. This scientifically designed tariff proved highly satisfactory for these Continental countries. It ensured reasonably cheap wheat for the masses, while ensuring reasonable prices for their growers.

A glance at the Statistics of the World Wheat Trade in the 5 years prior to the Great War reveals how the different tariff policies of the European countries regulated the relationship of wheat imports to the quantity of wheat it was possible to produce at home. World's wheat import requirements during this five-year-period varied from about 500 to 600 million bushels per year, and the following countries were the main suppliers:—

Russia, whose annual shipments varied from about 60 to 22 million bushels.

United States—an average of about 100 million bushels.

Canada—95; Balkan States—about 60; Argentine 75; India 48; Australia 55; and other countries 8 million bushels.

During these pre-war years Dollar wheat was experienced in the United States and Canada, and there were fluctuations in the importing countries, where prices ranged from about 30/- to 40/- per quarter, or from 3/6d. to 5/- per bushel C.I.F.E. European Ports.

The War years—1914 to 1920—witnessed the greatest shock World's wheat experienced in the last century. Great Britain and her Allies took early action by creating War

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Committees for Food Supplies, and simultaneously Government Boards and Government Wheat Pools were formed in most of the wheat supplying countries. All Grain Exchanges suspended operations, and all engaged in the sale and distribution of wheat became agents and operators for the respective Governments that subscribed to the Allies' cause. Wheat prices advanced in Europe from 36/- to 42/- in August, 1914, up to 180/- and 220/- per quarter C.I.F.E. between 1916 and 1918. This contrasts with about 110/- per quarter in Britain during the Napoleonic Wars.

Much could be written on this particular period, but suffice it to say that all the Allies' fighting forces were maintained; their peoples supplied with daily bread, and to this extent World's wheat proved good ammunition in the cause of Freedom.

When the Royal Commission on wheat supplies came into existence it usurped many of the functions of Trade Organisations and the Trade Press, at a greatly increased cost to the nation, due largely to duplication of effort, and red-tape methods. What the nation's wheat supply actually cost during the period of Government control may some day be truly revealed, and it will probably be a shock to those who imagine that Government control is so much more effective and efficient than private management.

As far as the wheat supplies of Australia were concerned, the Commonwealth owes much to the Australian wheatgrowers, since the whole population was fed throughout the War years with the cheapest and best bread in the world. For this reason alone the wheat industry proved its national worth, and should never be neglected by future generations.

Period 1920 to 1929: Devastated Europe and famine in Russia made post-war years for World's wheat somewhat difficult and uncertain. De-control of wheat was gradual after 1918, but it was not really free until 1921. From

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then until 1924 the various importing and exporting countries were gradually adjusting their private trading facilities to the altered post-war conditions. The abnormally high prices of the war years changed gradually at first, but somewhat violently at times, and the closing days of 1923, and the early part of 1924 witnessed wheat prices much in keeping with the rates of 1913-14.

Short crops in Europe, with poor yields in Canada, caused wheat values to advance at the end of 1924, and for the succeeding years—1925, 1926 and 1927, International wheat markets were generally active, and prices varied from 45/- to 65/- per quarter C.I.F.E. United Kingdom and Continental Ports.

It is perhaps of special interest to note that between 1922 and 1927 the wheat trade functioned throughout the World much as it did in the pre-war years of 1909-13. Governments had relinquished the field; trade and commerce assumed its rightful place, and International competition enabled World's wheat to flow with reasonable freedom. It should also be noted that during this period World's Wheat Imports increased from the pre-war average of less than 600 million bushels per annum to 800 million bushels, thus providing exporting countries with a substantial trade increase, as well as supporting Mercantile Marine with additional ocean freight.

Whether by accident or design, the five years' post-war freedom enjoyed by International wheat was disturbed by the Preparatory International Conference called by the International Institute of Agriculture at Rome in 1927, and its chief concern appeared to be, "How to increase Wheat Production." On March 26th, 1931, the second Preparatory Wheat Conference met in Rome—again under the auspices of the International Institute of Agriculture, and this time the representatives of 47 Governments discussed the problem, "How to dispose of the World's surplus wheat, and avoid making losses?"

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Before leaving the happenings during 1922 to 1927—the Post-war period when practically all Governments except Soviet-Russia had vacated the field of interference—prices enjoyed by wheat-growers in all exporting countries varied from 4/- to 6/- per bushel at their home railway stations and, despite these favourable rates, there continually arose agitations by growers' parliamentary representatives for legislation to control marketing activities.

Period 1929/34: To such an extent had these agitations developed in the United States and Canada that by July 1929 the United States' Government had actually passed its Farm Board legislation, under which £100,000,000 of public funds were appropriated to purchase farmers' wheat at the equivalent of 6/- per bushel, and withhold it from the market until Import countries were prepared to buy it at a profit. Within a month or two of this date the Canadian Pool persuaded the Dominion Government of Canada to guarantee finance to the Pool's Bankers to permit similar withholding of supplies from the International markets. In retaliation against these hold-up methods in North America the main importing countries of Europe imposed exorbitant duties on the imports of foreign wheat, and, in addition, encouraged home supplies by special guaranteed local prices for their growers, as well as paying excessive bounties on exports of both wheat and flour. This explains to some extent how the germ of Economic Nationalism developed, and how wheat was made the political football of so many countries between 1929 and 1934.

INTERNATIONAL WHEAT AGREEMENT.

Emerging from the World Economic Conference held in London in June and July, 1933, an Agreement was reached between the Wheat Exporting and Importing countries. This was signed in London on August 25th, 1933.

While the wording of the document is far from precise, there is something in the nature of a reservation attached

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to the minutes of the final meeting, which is interesting and reads as follows:—"The signatures are to be regarded as affixed in the light of the statements made during the discussions by the representatives of the various countries," but the main purposes of the Conference were to consider the measures which might be taken in concert to adjust the supply of wheat to effective World demand and eliminate the abnormal surpluses which have been depressing the wheat market, and to bring about a rise and stabilization of prices at a level remunerative to the farmers and fair to the consumers of breadstuffs.

The Agreement reflects the view which Economic Nationalism suggests, that it is quite possible to sell on the World's markets without buying, but it fails to provide for the acceptance of goods and services, whereby Importers might take increased supplies of wheat from Exporting countries.

The quota provisions in the Agreement were specially harmful to such a country as Australia, and practical experience suggested that on that account alone Australia should have refused participation.

Mr. George Broomhall, Great Britain's leading Grain Statistician and a World Authority on Marketing, described the Agreement thus in his Annual Corn Trade Year Book:—

"As it stands, the Agreement is inadequate, and impotent to raise prices, and it shackles the Trade without reasonable cause."

What all the Governments that subscribed to the Agreement failed to recognise was that such impediments as Quotas and fixed prices restrict demand, and a restricted demand naturally limits competition, and lower prices automatically follow.

It was Macaulay who said of the American Constitution that it was all sail and no anchor, and no more fitting

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analogy could describe the London Wheat Agreement. Its primary objective was to raise World's wheat prices, but during its existence prices dropped about 6d. per bushel. The United States and the Committee managing the Agreement expressed alarm last May, when the Argentine Government announced her repudiation of the Quota provisions. The Committee feared chaos would result, but, instead, prices improved, and the demand in the International markets has steadily increased.

The Agreement contributed nothing towards increasing the consumption of wheat, and yet all its sponsors were fully aware that out of a total World's production in the Cereal year of 1933/34, excluding Russia and China, of about 3,600 million bushels, nearly 1,700 million bushels were being sold at from 5/6d. to 11/3½d. per bushel in Australian currency, while the balance sold at from 2/8d. to 3/2d. per bushel Australian currency C.I.F.E. European Ports.

For three years prior to the signing of this Agreement, Australia sold about 50% of her wheat and flour exports—from 58 to 78 million bushels per year—to China and Japan, but immediately Australia's signature was secured, the United States commenced a policy of subsidising her wheat exports from the Pacific Coast, and in selling her wheat to China on special credit conditions.

We enjoyed an increasing business with China and Japan before the London Agreement was subscribed to, but since, we appear to have lost a very great percentage to Argentine and America. Whether we could have retained this trade with the East had we remained outside the London Wheat Agreement may be questioned, but it is very obvious, had we refused to sign the Agreement we would have enjoyed a bigger proportion of the Eastern Trade in 1933/34.

The World's wheat crop, excluding Russia and China,

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for the Cereal Year ending July, 1933, amounted to 3,505 million bushels, and it is estimated that the in-coming crop for the Cereal Year ending 1st August, 1934, excluding Russia and China, will be 3,005 million bushels. World's consumption of wheat is about 3,500 million bushels, so it looks as though supply will be short of requirements, by approximately 500 million bushels, for the Cereal Year, 1934-35.

Of course surplus stocks are held in several countries, but the burdensome surplus of 1928-29 may now be regarded as practically absorbed.

From this angle it looks as though World's wheat is once again on an even keel, and the question is—"What will the countries of the World do to maintain this equilibrium?" Could they be persuaded to abandon all restrictions, such as a subsidised price for exports, bounties to encourage production, quotas in imports and exports, and revert to scientifically designed tariffs, adjustable in keeping with the fluctuating out-turns of World's crops? If such a policy were possible, wheat producers would be assured of an average payable price, while the masses of population throughout the World could be maintained with their daily bread, without that disparity in values that has prevailed since 1929.

AUSTRALIA'S CONTRIBUTION TO WORLD'S WHEAT:

Previous reference has been made to World's wheat crops, aggregating yearly some 3,700 million bushels, excluding Russia and China, but as import requirements and export contributions are restricted to between 550 and 800 million bushels yearly, and since the Commonwealth's annual shipments for the past five years have amounted to from 120 to 150 million bushels, Australia ranks as the third largest supplier to World's exports. From this viewpoint the Australian Commonwealth is greatly concerned with Marketing problems.

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While the Continental countries of Europe may have ensured their bread supplies since 1929, the price paid for this privilege works out at about 250 million pounds per year, and naturally the question is asked, "Can they afford to continue?" Assuming they cannot, and since the Commonwealth has secured a prominent place, in what way should the Government help wheatgrowers to maintain their position on the land, and if possible, extend their activities? It is unreasonable to anticipate wheat prices averaging the rates prevailing between 1924 and 1928, but since costs of production have been reduced in recent years, attention should concentrate towards still further reducing the costs of production, and I suggest in this direction that consideration might be given to the methods of storage, transport and standardisation of wheat in order that Australian growers might be able to compete on more even terms with Canada, Argentine and the United States.

A uniform system of Bulk Handling throughout all the wheat shipping states of the Commonwealth might easily bring about a saving of at least 3d. per bushel, while ensuring safe storage, as well as a reduction in rail and ocean freights. It has been shown that handling wheat in bulk in oversea steamers reduced freights 2/6d. per ton, and it would not be too much to expect that a further 2/6d. per ton might be saved in ocean freights, if the Bulk Handling system were designed providing for uniform shipping facilities throughout the Commonwealth. A Uniform Bulk Handling system would provide all the necessary facilities for a simple, permanent standardisation plan for wheat on an Australian basis. It would then be possible to offer wheat to the markets of the World as Australian wheat on standards that are permanently fixed, as in Canada and the United States.

The Field Wheat Competitions initiated by the Royal Agricultural Society in conjunction with country agricultural associations have shown how improved methods helped to increase yields and improve quality. Such competitions

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should be encouraged and extended in this State, and in all the States of the Commonwealth. Economic methods such as described might easily be the means of reducing production costs at least 6d. per bushel.

—G. W. WALKER.

THE ABORIGINES, OUR NATIONAL RESPONSIBILITY

By Professor A. P. ELKIN.

The great majority of Australians, including almost all of our politicians, fail to realise that the Aborigines are our national responsibility. For the most part, this is due to ignorance: very few of us know anything about the Aborigines, and fewer still know any of them personally; consequently we do not think of them as human personalities, but just as blacks. Moreover, the vast majority of Australians are quite ignorant of the problems of racial and cultural clash. In some cases, however, it is a matter of wilful refusal to regard the natives as anything except "niggers"—the lowest of mankind, though the women are apparently good enough for concubinage and the men for cheap labour. But the thesis, "The Aborigines, our National Responsibility," is self-evident, once you start to think. Australia was their country. We have taken it. Therefore, we owe them some return unless we are content to be merely conquering thieves. Further, there were in 1788 about 300,000 of them; now, there are about 60,000, apart from 14,000 of mixed blood, and we have been, and are, responsible for this tremendous decrease in numbers and the associated disintegration of tribal life, as well as for the "half-caste" problem. A big toll of native life has been taken by self-constituted revenge-parties and by unauthorised shootings and poisonings on the part of individuals, as well as by official punitive expeditions justified by the pretext that the natives must be taught a lesson. But such revenge and punitive expeditions have seldom been satisfied with less than a score of native deaths as compensation for the death of one white man, nor have the

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rights and wrongs of the cases been seriously considered; and to our shame, be it said, we cannot be sure that this is a thing of the past. The Aborigines are still referred to as "stone-age savages"; the opinion of not a few whites is that the kindest thing to do to them is to shoot them or kill them by injections of fatal drugs; even a Judge has recently said when passing sentence on some natives who had killed some foreigners under extreme provocation, that "probably the kindest and best thing to do is to hang them"; and not so long ago, a newspaper praised a policeman who had admitted having killed twenty natives, as the "Scourge of the Myalls". Such statements betray not only lack of humane feelings, but also an extreme disregard of the fact that the natives are human personalities who should be treated, and spoken of, as such. Indeed, they have deserved well of us for the great help which they have given in the development of the more difficult parts of the continent, for their many acts of heroism and loyalty and for their faithful service in many a home.

But we have done the Aborigines a much greater injury, for the most part unwittingly, by interfering with their social, economic and religious organisation by which they maintained a state of equilibrium with their environment and with each other. Indeed, many who have spent years amongst natives, station managers and missionaries alike, dismiss with an air of superiority, the anthropologist's statement of fact that the Aborigines possess such an organisation.

ABORIGINAL ORGANISATION FOR LIFE.

They are divided into a number of tribes each with its own territory, dialect or language, set of myths and rites and distinctive customs. Moreover, each tribe fears the sorcery and prowess of any tribes other than its immediate neighbours. This explains why it is unjust to take native witnesses or accused away from their own districts to be

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examined or tried in distant white townships, such as Darwin or Broome. They are put to a psychological disadvantage, quite apart from the fact that they are tried in a foreign court and in a foreign tongue. The Judge or the Magistrate, therefore, should hold the court in the district concerned where there would be much more chance of ascertaining the facts, and where witnesses could be questioned in a natural and informal manner. At present, too, the obtaining of a witness savours too much of the methods employed in capturing a prisoner.

Local Organisation. But even more important than the tribal system is the subdivision of the tribal territory amongst local groups of the tribe, who both own the land with dwelling and hunting rights over it, and also are "owned" by it. The Aborigines believe that their spirits pre-exist in certain spots in the local, or horde-country, from which they go forth to be incarnated, and maybe reincarnated, through the mothers. The father "finds" or "sees" his future child in a vision of the day or night, and so recognises that he will have social and religious duties to perform for it. Now, it is this belief which explains why natives in white employment desire to return to their country at regular intervals, and why old folk like to spend their last years in the vicinity of their spirit-homes. Though they may be promised care and good food at some institution, yet they will not remain there if it is not in their own country.

The Land and the Ceremonial Life. Some of these local countries also include totemic centres where the Aborigines believe that the spirits of natural species exist. This belief is based on historical myths. They also believe that if the groups of the initiated men who are especially associated with these centres, care for them and at the proper time of the year perform prescribed ceremonies, the spirits of the species, say an animal, bird or plant, will go forth and so cause that species to increase in the normal manner.

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On the other hand, if those sites be desecrated, as is sometimes done by white men, or if the natives are prevented by the exigencies of white employment or by mission influence from holding their ceremonies, they are convinced that the future of nature and of man is in jeopardy. As a result, they lose interest in life and refrain from initiating the young men into the tribal secrets. This is a tragedy, for it is these secrets which enshrine the sanctions or authority for those laws and customs on which the cohesion and future of the tribe depends. Thus disintegration, as well as depopulation, follows.

Is there an alternative? Now, it may be that our very presence has wrought such a change in the environment that the Aborigines will not be able to adapt themselves to it even though we change our past ways, and try to help them to do so. But we are duty-bound to try. With regard to cult-totemism, the term applied to the complex institution to which we have just been referring, we can suggest that all who hold land the aboriginal owners of which still exist, should reserve for them (probably by fencing-off) their spirit-homes and especially their totemic-centres. The total area of these sites would only amount to an inappreciable area. Further, the natives of the particular totemic groups should be given the opportunity to perform the increase-ceremonies at times to be mutually arranged as near as possible to the prescribed times. Likewise, they should be even encouraged to hold their historical ceremonies or pageants in which they re-enact the stories enshrining their social and moral sanctions.

Of course, it is said by some that this is to encourage superstition, whereas we should do our best to discourage those beliefs and stop the rites. Well, we have been remarkably successful at this in the past, but that has been the chief cause of tribal disintegration and native depopulation. It is time we—Government, settlers, missionaries and also the general public—changed our ways, and faced

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the facts which social anthropology is continually bringing before our notice. Incidentally, some of the fundamental beliefs of the Aborigines would, under a wise policy, be changed in time; indeed, such change seems necessary if the natives are to adapt themselves to the new conditions which we are forcing upon them. But the change should be made by them, by their elders, the past-masters of the secret-life, to whom we should present our religious and scientific views. Moreover, we should assist them in formulating new sanctions:—in other words, in building up a “New Testament” on **their own** “Old Testament”. It may be that finally they would become Christian, atheistic, or agnostic, but that must be their decision and responsibility. In the meantime, it is our duty to try to save them as a people. To busy ourselves in civilizing or Christianizing a people who cease to exist in the process is surely wasted effort, unless we think our task is only to prepare them for the burial.

ABORIGINAL RESERVES.

All this discussion is apposite to the problem of Aboriginal Reserves. We set apart for the use of the natives, large areas which should, as they in many cases do, include portions of several tribal territories. But with the notable exceptions of the Western Australian Government in the Kimberlies, and of missionary organisations where possible, we are inclined to think we have done all that can be expected, by declaring an area an Aboriginal Reserve. But two points must be considered. First, natives will not remain permanently on the Reserves, for they are gradually attracted away to white settlements of which they hear through their kin in neighbouring tribes, and as the years go by, the younger folk lose the attachment for the old country; then as the tribe in the settled country dies out, they take its place, work for, or hang round, the white man, and in their turn also die out. This can be predicted, for it has happened in the past, especially in the desert-like

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regions of Australia. There is, however, a reasonable alternative: if there were established on each large reserve an institution, practical, educational and religious in nature, which would give the Aborigines a new interest in life, they would not be so readily lured away to white settlements off the Reserve, but rather would themselves be the cause of other natives being attracted to it.

The other point is: whenever a part or all of an Aboriginal Reserve has become so attractive to whites, for mining or other purposes, that the Government feels constrained to throw it open, or indeed when any Crown Land on which Aborigines are living is thrown open, we should remember that we are taking away the country in which their spirit-homes and totemic-centres are situated. That is just the problem of the Tennant's Creek Reserve. The portion taken from the natives does not mean much to them economically, but careful investigation shows that it does still mean a good deal to their ceremonial religious life, and that they did not understand that they were to lose possession of it for ever. Of course, the Federal Government may think it has compensated the natives by giving them land further east, to which they are to be removed. But no material compensation can be made, nor will the natives stay on the new Reserve. If we are sincere, and especially if the country be as good as is announced by the Government, we will insist on the establishment of a cattle station and farm there, together with educational facilities and opportunities for wise religious teaching. This will give the natives economic security and interests and also the opportunity to learn that neither their spirits and future nor the future of natural species are indissolubly linked to localised positions on the earth's surface.

COMPLEXITY OF ABORIGINAL ORGANISATION.

The discussion of the local organisation has led to an examination of cult-totemism and, indeed, of most of the

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religious side of native life. But that is just the significant fact about the native organisation. Almost every aspect of it is intimately tied up with all the others. The economic organisation would lose its heart without the totemic institutions, and would lose its form without the kinship system. This last is the means by which social behaviour is organised. It is also the chief foundation of the legal system. Every one is regarded as related to every one else by blood or legal fiction, and on the degree of that relationship behaviour is fashioned. This is often a puzzle to whites, but it works quite efficiently and can be studied by us. Indeed, it must be, if we are to do natives justice in court. Duties are enjoined on kinsfolk in a way that is so strange to us that we would find it difficult to apportion guilt or blame in a satisfactory manner.

A POSITIVE POLICY FOR THE FUTURE.

Sufficient has been said to indicate the complexity of native social, economic and **religious organisation** and the difficulty of interfering with it without destroying its balance and bringing about tribal disintegration. What we must do is to proclaim the existence of such organisation and insist that it be recognised in our future dealings with the Aborigines. The Papuan system of Government succeeds with whites and natives because it does this. Let us do the same. In the past we have been satisfied officially with trying to protect the natives from cruelty and unjust terms of employment and with providing in some measure for the sick and the aged—a merely negative policy; even the latest move, the appointment of an anthropologically trained welfare officer, goes very little further, though it is a step in the right direction. Quite clearly the whole system of native administration needs to be changed. An Administrator should be appointed for the northern and central parts of Australia where aborigines are still numerous and where troubles between white and

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black frequently occur. He should be chosen not only for his proficiency in developing tropical lands, but for his special knowledge of native races and of problems of racial clash, for we must recognise that in the northern and central parts of our continent we are faced with problems arising out of the clash of two peoples one of which is primitive, and the other, a civilised invading race, namely, ourselves.

The Administrator needs to be assisted by (1) a Department of Native Affairs to be responsible for the health, education and employment of the natives; (2) a Department of Native Justice consisting of an itinerating Judge, and District Patrol Officers with magisterial powers; under these Magistrates there would be junior Patrol Officers and some native police; and (3) a Government Anthropologist to assist the Judge, Magistrates and Missionaries as well as the Administration in general. The Patrol Officers who should, of course, be trained in anthropology as well as law, would have as an important part of their duty to persuade and help natives and whites alike to work out a satisfactory scheme of co-operation and reciprocity based on mutual understanding.

This system would imply the abolition of the white police from all the north except perhaps some of the townships, for the obvious reason that they are not trained for the special task of dealing with the contact and conflict of two races so far apart in culture as the Aborigines and ourselves. Moreover, it is surely a mistake that our only official representatives as far as most of the natives are concerned, should symbolise force—handcuffs and exile.

The educational system needs careful preparation. It should include (a) the three "R's"; (b) technical and industrial training of various kinds; (c) instruction in the methods and purposes of the new pursuits in which we desire the Aborigines to become proficient; and (d) wise

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religious teaching in which the best in their own religion should be used and which should have direct association with their own problems, especially those connected with the difficult times of transition from the "old-stone-age" to that higher stage of culture to which we desire to lead them.

Conclusion. If we adopt a policy along the lines indicated in this article, we shall at least show that we do recognise the fact that the Aborigines are our National responsibility; and, I believe, we shall be pleasantly surprised with the result.

—A. P. ELKIN.

STATE AND PROVINCIAL DIS- ABILITIES IN THE AUSTRALIAN AND NORTH AMERICAN FEDERATIONS

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At a time when South Australia, Western Australia and Tasmania are gravely perturbed by their disabilities, it is important to examine the position in the light of similar difficulties in Canada and the United States. This study of the North American Federations is of vital importance to Australia, for Canada and the United States both passed through periods of Federal immaturity, and then entered somewhat divergent paths—one of which the immature Australian Federation seems likely to tread.

This disabilities question has usually been treated as a legal or patriotic problem. Yet in all three Federations the worst troubles have been rooted in economics and finance. The American Civil War, for example, was not really fought on the moral issue of slavery, but for the rights of a weaker group of States to hold property and to conduct their economic systems as they wished. During the present depression this financial factor has become of even greater importance. Although the American Federations have not yet witnessed so striking a phenomenon as the overwhelming of a New South Wales Government by Federal financial pressure, they have seen the central governments extending their authority by ruthless use of financial powers.

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In the original Confederation of 1776-1787 the United States adopted a loose and bad arrangement which failed because the central government was supported by subsidies from the States. In the meetings of 1787, however, the brilliant fathers of the Constitution remained Federationists rather than Unificationists, and, although they granted wide powers to the Federal Government, they believed that they were amply protecting the rights of the weaker States. Thus they gave all States equal powers in electing the President and Vice-President; equal rights in the Federation and against one another; equal representation in the Senate; equal powers in amending the Constitution and all the residual powers as is the case in the Australian Commonwealth. It is important to note that the States deliberately blocked schemes for unification and centralization and defeated a proposal which would have given the Federal Government the right, secured later to the Dominion Government of Canada, to disallow State laws.

Up to the Civil War of 1861 the United States passed through a period of Federal immaturity like that now evident in the Australian Commonwealth. The constitutional balance of 1787 could not be maintained during a period when the small group of seaboard States were expanding into a nation of continental magnitude. Nothing but "the legal ability and real statesmanship" of James Marshall, who held such doctrines as the "implied powers of the Constitution" kept constitutional interpretation in line with national expansion. Marshall himself considered that only by a series of miracles did the Union survive. Secession was talked whenever States became disgruntled. New England, Virginia and Carolina threatened in turn to break away. Yet the ideals and realisation of nationhood were steadily emerging. In the words of Daniel Webster the Federal compact "is the people's constitution, the people's government, made for the people, made by the people and answerable to the people. The people of the United States have declared that the constitution shall be the supreme

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law." For three reasons cohesive forces were stronger in the United States than in Australia. First, the Americans had twice faced invading British armies; second, their tariffs were essential not only to the eastern manufacturers but to the primary producers (a phenomenon even more important in these days of competition with Canada, Cuba and the Argentine); and, thirdly, the Union admitted many new States and territories which had little local feeling and were national in outlook and aims.

In spite of these cohesive factors the Americans preserved the Federation only by a bloody and disastrous Civil War—a war which might have been averted had there been such a body as the British Privy Council to adjust conflicting claims. The Northern manufacturing states stood for the Union and for progressive ideals; the Southern for an agrarianism based on that coloured labour which might become a grave issue in Australia if any State with tropical territory broke away. The disastrous war taught two fundamental lessons—firstly, civil strife can destroy prosperity for generations. The South has not really recovered to-day. Secondly, it appears that even strong and victorious states cannot coerce a beaten but determined minority when driven to despair. By such organisations as the Klu Klux Klan the defeated Southerners triumphed over the Northern carpet baggers and emancipated negroes, just as in later times a legally defeated minority was to triumph over the XVIIIth Amendment and liquor laws.

The period 1860 to 1930 witnessed a further growth of nationalising and centralising influences. The Federal Government increased its authority over the States. The States increased their authority over local governments, and the great cities began to feel their strength and clamour for their rights. A growth of new states and the flood of alien immigration formed remarkable contrasts to events in Australia, yet the methods of centralization were the same. In the United States the Federal financial aid to the States brought about a fundamental revolution which

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“took the issue totally from the constitutional lawyers and orators, and settled it under pressure of events in the hands of the administrators.” In the United States, as in Australia, it was finance which primarily destroyed the rights of the States. Under a true Federation both the central and local governments possess in their own spheres sovereignty and independence, but both in the United States and Australia the Federations in the true and original sense were dissolved by Federal encroachments which destroyed the financial freedom and stability of the States. In America the central government exploited unmercifully its supreme powers of taxation; the pernicious system of Federal subsidies and the debt obligations incurred by the States under the increasing demands for social services. In most instances the Supreme Court worked hand in hand with the Federal Government, particularly by using the Commerce and Treaty clauses of the Constitution to invade the rights of the States. Here is a point of fundamental importance to Australia. Will the British Privy Council defend the States if the Federal High Court follows the precedent set by the American Supreme Court in interpreting the Commerce clause of the Constitution in such a way as to permit the Federal Government to control intra-state as well as interstate trade. Very vital, too, is the lesson taught by American subsidies. Despite the protests of strong states, such as Massachusetts, and leading Americans, such as the late President Coolidge and Governor Ritchie of Maryland, the Federal Government used its legal rights to levy unnecessarily heavy taxation and to distribute the surplus amongst the weaker States. In 1924, for example, Nevada received back from the Federal Government 317.45% of the amount it paid in Federal taxation while Connecticut received only .75%. As in Australia this system has largely bribed into silence the critics of State disabilities. It has impinged unfairly on the strong, encouraged the weak in their weakness, and has undermined by purchase the precious right of local government.

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Again, as in Australia, the present depression is further destroying the States. The Federal Government has set up a vast centralized recovery organisation and has not scrupled to use the strongest pressure to force the states to comply with its programme. Not the least potent factor in the withdrawal of national prohibition was the recurrence of the Federal thirst for an old and highly profitable taxation-stream, and Kentucky and other States were warned that Washington would be singularly deaf to their requests for financial assistance if they delayed the vote on Repeal. The administration also refused financial help to those weak States which declined to put their affairs in order, and, despite the protests of some of the strongest States, they appointed their own Commissions to administer relief funds, and gave direct assistance to municipalities which were in distress.

If the New Deal and N.R.A. survive, the inevitable result will be a tremendous increase in centralization and Federal control.

In the present temper of the American nation, with its supreme trust in President Roosevelt, the tide is running strongly against the States. As Secretary Dern brutally told a recent meeting of State Governors at San Francisco "for effective economic planning . . . State borders must to some extent be disregarded . . . under our complex national life it will be necessary for the Federal Government to take over more and more power. . . Evil practices have hidden behind the bugaboo of State rights long enough." Dr. Luther Gublick, Director of the Institute of Public Administration, Columbia University, New York, considers that the States have "gone under" as they have failed lamentably in many respects. Dr. C. E. Merriam in the famous Hoover "Report on Social Trends" claims that economic changes will force a regrouping of the States with the abolition of the over-representation and excessive powers of weak members, and the creation of new city states.

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On the other hand voices are beginning to sound on behalf of the States. Many leading Americans are becoming more and more doubtful of the success of central and organised planning, and it is significant that the Federal Comptroller-General recently issued a scathing report on the losses and mismanagement of the Federal Farm Board. The Senate of a weak State, North Dakota, lately permitted the printing of a resolution that thirty-nine states should secede from the nine north eastern manufacturing states, and there is a strong feeling in parts of the Union that "the East politically and economically has been running the country too long and not to the nation's good." Occasionally one hears a trenchant comment that a country of continental magnitude with a population of 120,000,000 is far too large for centralization and unification under one government and that it was a great pity that the North did not permit the South to secede. If the New Deal fails, or when, as is inevitable, the appalling burdens of the Roosevelt borrowing programme become manifest, these anti-Federal currents will merge in a tornado of feeling for the States. No one can as yet foretell the consequences, but the 48 states are now probably too numerous, too small and too inter-dependent for any secession movement to succeed or even eventuate.

The Dominion of Canada presents a somewhat different history and is far more akin to Australia in its small, scattered population, its huge and undeveloped territories and its isolated and antagonistic West. Founded in 1867, near the end of the American Civil War, the builders of the Dominion attempted to avoid the troubles of their southern neighbours by greatly strengthening the authority of the Central Government. Thus they bestowed the residual power on the Dominion rather than the Provinces; gave the Dominion government the right to veto Provincial legislation and to appoint Provincial Governors; created a Senate that was not a States House and gave Ottawa the sole right to levy customs and excise together with concurrent rights over direct taxation with the Provinces. The

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Dominion was to meet some of the local expenses of government and to subsidise the Provinces at certain fixed rates. It must be noted, however, that the founders made a vigorous effort to secure justice and equality for the Provinces, and that they recognised, and tried to remedy, the disabilities of the weaker members.

Under the British North America Act the Canadian leaders thought that they had suppressed the rights of the Provinces and had made a satisfactory financial arrangement. In neither case were they correct. Ontario at once raised the "State Rights" issue, Sir John Mowat resigning his judgeship to lead the movement on the ground that "the autonomy of the Provinces must be safeguarded against Federal autocracy as the only basis on which the Union can endure." On this issue of Provincial Rights the constitutional progress took a course entirely opposite to that which the founders had anticipated. Where the Supreme Courts of the United States and of Australia swung the Constitution against true Federalism, against the original intentions of the contracting parties and against the States, the Judicial Committee of the British Privy Council, which Canada had accepted as a final court of appeal, swung the Dominion Constitution in favour of the local governments. This it effected not only by a liberal interpretation of the subjects relegated to the Provinces, but by a deliberate invasion of the residual rights which the founders had purposely left under Federal control. Also, after the nineties, the Provinces succeeded in most cases in their protests as regards the Federal power of vetoing Provincial laws. In general custom the Courts now settle the matter for the nation recognises the injustice of the Dominion judging its own case.

The causes of this swing of power towards the extremities in Canada are very important from the Australian viewpoint. Centralization may have seemed desirable in the sixties but since those days the Canadian Provinces have become vast territories, far larger than European countries

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or the comparatively small divisions of the American Union, and as extensive as many of the Australian States. In the words of one authority, "If Federal jurisdiction were as wide as designed by the fathers of the confederation, log rolling and see-sawing of provincial interests at Ottawa would probably become an even greater menace within the Dominion. Local matters would jostle out national issues, and sit enthroned at the capital. Moreover a highly centralized State could not deal effectively with the diverse problems of so vast a territory or even curb the centrifugal forces of a community to which geography has not given unity."

Not less unexpected have been the developments as regards finance. The financial arrangements of 1867, providing for "a full and final extinguishment of all claims," were immediately attacked by Nova Scotia which within a year appealed to Great Britain for the dissolution of the Union. At England's suggestion the Dominion Government held an impartial investigation, and, despite the protests of the strong province of Ontario, met some of the claims. The ensuing years saw a period of immaturity marked by the admission of some new Provinces, by frequent demands for secession, and by ceaseless financial compromise. By the eighties all parties perceived the evils of the subsidy system, and in 1887 the provinces met in conference without the Dominion Government. Nothing vital was effected, however, until 1906-7, when British Columbia was making violent demands for the repeal of the Union under the cry of "succeed or secede." Another "final and unalterable settlement" with increased Federal subsidies completely failed to check the agitation. British Columbia, in its western isolation, continued in violent hostility and commissioners had been nominated for a further inquiry at the outbreak of the Great War. The problem of Provincial Disabilities was greatly augmented by the War Debts, and by the demand for social services in the post-war period, during which both central and local expenses increased. Provincial Conferences, at which the Dominion Government

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was not represented, were held in 1926 and 1927, and further assistance from the Dominion was gained. It is noteworthy that these Canadian Conferences were remarkable for the big brotherly attitude of Ontario and Quebec, the strongest Provinces.

In Canada, as in the United States and Australia, the depression had resulted in the strengthening of the central power. While the Dominion Government is not responsible for provincial debts, it has not permitted some of the western provinces to become delinquent in their interest and retirement obligations when their bonds have been held outside Canada. No Province has as yet repudiated its debt, so the Government at Ottawa does not know what it would do if such a thing occurred. Besides the subsidies to the provinces the Dominion is making contributions to the Provincial unemployment relief schemes and to the Provincial old age pensions. Yet at the present moment there is great discontent. Many Canadians consider the system of subsidies "a tangle of opportunism and necessity." They feel that something must be done to improve Dominion and provincial relations as regards taxation and overlapping services, while in the west the British Columbians are bitterly critical of the eastern manufacturing and high tariff interests. No doubt the future will see further extensions of authority by the central government, such as the recent legislation on agriculture, and it is doubtful whether geographical considerations or the outlook of the Judicial Committee of the British Privy Council will defeat the policy of bribery by subsidies and the growth of Dominion financial powers. The fate of Newfoundland will certainly discourage any Province from attempting a policy of "splendid isolation" and constitutional lawyers consider that the Canadian Union is indissoluble from the standpoint of any action which an individual Province may take.

The Federal history of Australia resembles that of the United States rather than of Canada, for, despite a sparse population and huge political divisions as in the

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Dominion, the drift has been more strongly in the direction of centralization and Commonwealth control. Also in the United States and Australia the process has been effected by similar instruments. In both countries the Federal Courts and Federal financial pressure have destroyed the "sovereignty" and "independence" of the states under the original contract. It is true that in Australia the issue is still uncertain. The country has not yet emerged from that period of immaturity which is marked by local writhings and threats of secession, but it has passed far along the path trodden by the United States.

The founders of the Commonwealth attempted to guard the States by such measures as the creation of a States House Senate and Interstate Commission, and by financial provisions which if generously and justly followed would have maintained in the all-important financial sphere the original "sovereignty" and "independence" of the States. The Senate, however, became a party house; the Interstate Commission lapsed and was not revived. A recent personnel swung the Federally appointed High Court against the States, as, for example, in 1920, when the High Court destroyed the sovereign rights of the State Parliaments by deciding that the Federal Arbitration Court could override their laws.

As regards finance the Commonwealth Government has followed American precedents in the use of the subsidy system and of financial pressure to destroy the sovereignty and independence of the States. Sir Edmund Barton saw clearly that without financial safeguards, the States would die. The constitutional provisions, which granted the States a share of indirect taxation, proved ineffective. The prohibition against the taxation of State property by the Commonwealth failed to prevent the Federal Government from levying heavy customs duties on importations by the States. No attention was ever paid to Section 94 of the Constitution, which provided that "After five years from

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the imposition of uniform duties of customs, the Parliament may provide, on such basis as it deems fair, for the monthly payment to the several States of all surplus revenues of the Commonwealth." "Subterfuges were used in the early stages. Federal surpluses were handed over to trust funds. Now the section is simply ignored. Huge federal surpluses exist alongside crushing State deficits, and no one thinks of demanding that section 94 should be observed." The truth is that the Commonwealth has long drifted into the pernicious American habit of silencing the advocates of State disabilities by subsidies based on opportunism and necessity. Unless the States Grants Commission is strong enough to prevent it, Australian Federal-State financial relations will continue on this bargaining basis—a disgruntled Commonwealth reluctantly disgorging subsidies to a group of clamorous, threatening but powerless States.

Yet it would be unwise to judge the future of Australian disabilities wholly by the failure of secession movements in North America or from the fact that in the United States the subjugation of the local governments is complete. The Australian States are larger and probably more isolated than the North American subdivisions, while the Australian Constitution itself contains a vital hindrance to unification—the grave constitutional obstacles to the creation of those new States or Provinces which in America have supported so strongly national sentiment and aims. In Australia, more than in either of the American Federations, State feeling is likely to continue, grievances such as the tariff to ferment and the Senate to assume its intended character of a State House upholding local rights. Finally, Australian unificationists should not forget one fundamental lesson from American history. When regions or peoples have been goaded to desperation it has proved impossible to coerce either a minority of a nation or a minority of States.

—A. GRENFELL PRICE.

A CHRISTIAN CRITIQUE OF FASCISM

By HERBERT BURTON.

1. INTRODUCTORY.

In an attempt to appraise Fascism in the light of Christian principles the first point worth noting is that the authors of Fascism at first gloried in the fact that they had practically no definite principles or theory, and that the movement was primarily one of action, or if one prefers it, re-action. Though Fascist theorists have now appeared in plenty and have elaborated a theory of Fascism, they still insist (e.g., Rocco) that "Fascism is above all, action and sentiment"; but Rocco goes on to add, "it is also thought as well, and has a theory"¹. Not unnaturally we find that different theorists emphasise different elements in Fascism, but there is fairly general agreement as to its main principles. The fact that the theory followed the accomplished fact of seizure of power by Fascists, however, is worth bearing in mind, for Fascism is essentially a movement of reaction against certain tendencies in the modern world, an attempt to check and crush certain developments which some people regard as a menace to themselves and to society. The philosophy of Fascism, therefore, appears essentially as a rationalisation of the motives which induced certain classes or individuals to seize political power and establish their own supremacy. It has developed out of the belief that the interests of the class that established Fascism was also the national interest, and out of an attempt to identify national interests with their own. To say this, of course, is not to dispose of Fascism as a social system, nor

1. Rocco: *International Conciliation*, No. 223, Oct. 1926. Rocco was at the time Minister for Justice in Mussolini's cabinet.

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to demolish its social philosophy. The question with which we are concerned is to what extent Fascism would coincide with the ideals of a Christian Commonwealth, and whether it represents any advance towards that end.

2. THE ORIGIN OF FASCISM.

A brief examination of the circumstances attending the rise of Fascism may be useful in trying to get an idea of its real nature. We have in the post-war period seen two of the greatest countries in Europe reject the liberal-democratic machinery of government, so widely adopted during the past century, and establish a dictatorship with substantial popular support. The example of Italy was first followed in a number of smaller European states, and more recently in Germany and Austria. Confining our attention mainly, however, to Italy and Germany, for they are typical, we find that in each case the circumstances that gave rise to Fascism were somewhat similar. In Italy there was great disappointment and bitterness on the conclusion of the Versailles Treaty; certain classes were greatly embittered by the treatment that Italy received at the hands of her former allies. These were the classes who had forced Italy into the war in the hope of obtaining tangible gains at the end of it. They were disappointed in these hopes, whereas their opponents, who had opposed Italy's entry into the war, were to a certain extent profiting by the situation; the Socialists were gaining in power in the Italian Chamber of Deputies. But many Socialists, and particularly Communists, were not content to await the conquest of power at the polls, and the constitutional transition to a socialist order. During the years 1920 and 1921, strikes, seizing of factories and violent clashes between socialists and their opponents went on, and the government often seemed unable or unwilling to prevent these disorders. The "Fasci" or groups of those who opposed the peace treaties and the socialist programme had been forming since 1919, and grew in power and cohesion sufficiently by 1922 to enable the Fascist Revolu-

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tion or Counter-Revolution to be achieved in October of that year, when the March on Rome took place, and Mussolini was summoned to Rome as Prime Minister. This coup d'état was carried out by the lower middle class, backed by the peasants and industrialists, and it may be said to have had its main inspiration in resistance to Socialism. The establishment of Fascism in Germany was a slower business but does not seem to offer any essential differences. In both countries the spirit of nationalism played a great part; in Italy the exclusion from rich colonies and sources of raw materials produced a feeling of resentment and injustice amongst those who considered that their own and their country's expansion depended on access to these things. Italy, they said, was a "proletarian country" that the capitalist countries like U.S.A., Great Britain and France were oppressing. So whereas in Germany the savage penalties of the Versailles Treaty caused the growth of a bitter spirit of nationalism amongst the middle classes, in Italy it was a similar thing, the failure of Versailles to give Italy what they considered her just rewards. This spirit of embittered nationalism which pervaded the middle-classes was linked up with the opposition to the socialists who professed internationalism and wanted to abolish private property.

The press has impressed on the popular mind the anti-semitism of the Nazis as a predominant feature of German Fascism, but the Jews were really convenient scapegoats, along with the Treaty of Versailles, to whom all the ills afflicting Germany could safely be ascribed. In Italy the anti-semitism was lacking, and the socialists were a sufficient scapegoat; but Fascism in Italy is little less strongly nationalist than in Germany. Both the Italian and the German movements have resulted in establishing the domination of the middle class, which maintains itself by treating its opponents with the utmost rigour, and sweeps away liberal institutions, and such freedom of press and opinion as we have managed to attain under political democracy. These counter revolutions have been carried through by what G. D. H. Cole describes as a "new petty bourgeoisie".

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that has emerged under modern Capitalism, "a new middle-class of salaried administrators, consultants living by fees, technicians and managers, ranging from persons who belong by wealth or tradition to the upper bourgeoisie to black-coated workers only just above the clerical level of payment"². In times of adversity this new class may become a counter-revolutionary force, ready to ally itself with the other forces opposed to working classes, and so establish its own ascendancy. Especially is it liable to do this if the leaders of Socialism follow mistaken tactics as in Italy. There the Fascist movement **gots its opportunity** largely from the mistakes of the Socialists; in Germany mainly from the vicious and stupid policy followed by the Allies at Versailles, and from mistakes of the socialists too, perhaps almost as much.

3. THE FASCIST DOCTRINES AND PRACTICE.

These were the causes that led to the growth of Fascism, but what of the principles of Fascism after power has been achieved? Fascism, according to its philosophers and spokesmen, introduces a new conception of society, and of the relation of the individual to the State. They claim that the political doctrines of the 19th century were atomistic or mechanical, in that they started from the basis of the individual, and all considered the welfare and happiness of **individuals** to be the goal of society. Such doctrines, the Fascists claim, were anti-historical and strongly materialistic, and rejected the spiritual inheritance of ideas and sentiments. The Fascist entirely rejects "this liberal, democratic or socialist outlook." He holds that each social group (or nation) has certain needs and appropriate ends, "in short a life which is really its own." These needs and appropriate ends "are not necessarily those of the individuals that belong to the groups, but may even possibly be in conflict with such ends, as one sees clearly whenever the preservation and the development of the species demand the

2. In "The Adelphi", June 1933.

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sacrifice of the individual, to wit, in times of war"³. Thus, says Rocco, Fascism replaces the atomistic concept of society with an organic and historic concept; "individuals for society" instead of "society for individuals."

Fascism is thus in violent reaction against "laissez-faire" and the 19th century type of political democracy, but such reaction has been going on for a long time, and probably no country to-day accepts "laissez-faire" pure and simple. There has also been growing dissatisfaction with the kind of political democracy that we have had, not because the principle of democracy is unsound, but because it lacked the conditions for effective working—approximate social and economic equality. The trouble about "laissez-faire" was not that it permitted all individuals to promote their own welfare, but that it only permitted some of them, and those too often were the most powerful or unscrupulous. There is a perfectly just criticism to be made of the way in which democracy and individual liberty has operated in the past. But does this warrant the Fascist claim that society has a life of its own and this life demands the sacrifice of the individual? The Christian has been inclined to stress the value of the individual; the idea that all men are equal in the sight of God and, therefore, that each individual should have the fullest opportunity for the development of his capacities and personality. Perhaps the Christian has been inclined to stress the right of the individual too much, and omitted to stress such rights as being subject to the welfare of society. Obviously society cannot permit the brigand to develop his personality to the fullest by helping him to bring off bigger and better robberies, and the right of the individual to develop his personality in the service of society is the only one that can be freely tolerated. But if 19th century Liberalism erred in regarding society as a mere aggregate of individuals with inalienable rights, surely Fascism is also in error in regarding society as having an existence apart from those of the individuals who compose

3. Rocco, *op. cit.*

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it. Nothing is more exasperating to the person who is seeking the essence of Fascism than the mystical jargon in which its exponents talk about the place of the State and the individual. Much of it may be due to genuine befuddlement on the part of the expositors, but one cannot help feeling that here we are also in the realm of mumbo-jumbo, the function of which is to mislead and mystify whether deliberately or unconsciously.

For what, when all is said and done, is the "Society" to which the individual is to be sacrificed? Gentile tells us quite frankly that "the politic of Fascism revolves wholly about the concept of **the national state** . . . Fascism regards the State as the foundation of all rights and the source of all values in the individuals composing it"⁴. In other words the individual is to be readily sacrificed to the state, though he may have no voice in determining its policy, and even though it may be dominated by the aims of a class which he regards as fatal to the welfare of humanity, his own community and himself.

"For Fascism," says Rocco also, "society is the end, individuals the means, and its whole life consists in using individuals for its social ends." Though Rocco speaks of society here, it is the nation-state that he, too, has in mind, and he holds up for approval the doctrines of Machiavelli, who advocated a strong Italian state "aggressive and bent on expansion," and said that "kings and republics lacking in national troops both for offence and defence should be ashamed of their existence." An additional reason why Fascism rejects liberal-democratic doctrines, says Rocco, is because they are essentially a **non-Italian** formation, and it was "Germanic individualism" that destroyed "the political structure raised by Latin genius." We might compare with this Hitler's aspiration to eliminate all non-Aryan elements from Germany. It can be seen that in

4. Gentile in "Foreign Affairs", Jan., 1928. Gentile was at that time Minister for Education in Mussolini's cabinet.

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doctrine then Fascism is very far from the idea of universal brotherhood of Christianity, of all men as the children of God. The nation is not regarded as being bound by any moral laws, but as quite unfettered in its aims for expansion and greatness, and the individual is simply an instrument that his particular national group may grow at the expense of others.

We may recall in this connection that Fascism claims to be anti-materialistic, and it opposes Liberalism, Democracy and Socialism on the ground that they are **materialist**, being concerned only with the welfare of the individuals who compose society. Thus the Fascists put forward a "spiritual interpretation of history" against "the materialist conception." What this means may be perhaps gathered when we read that Italy's entry into the war was "a triumph of ideal Italy over materialist Italy"⁵, and that "Mussolini opposes proletarian internationalism with the infrangible integrity, not only moral but economic as well, of the national organism, affirming, therefore, the sanctity of country for the working classes as for other classes." If we turn from doctrine to practice we shall find, I think, that Fascist practice is equally unable to stand the test of civilised or Christian principles. In the sphere of international relations, for example, we may recall the incident of Corfu in 1923, when Italy, a member of the League, resorted to the old method of force to settle an international dispute. Her treatment of German and Yugo-Slavian minorities on Italian soil since the advent of Fascism has been harsh and illiberal. She has followed a policy of ruthless Italianisation. Towards the League of Nations the attitude of Fascist Italy was first contemptuous; then she conceived that it might be useful in European diplomacy, and latterly she has shown a desire to support it. But it is doubtful whether we can assume from this that there has been any real change in the nature of Fascism, and its essentially nationalist character. The more ready support

5. Gentile, *op. cit.*

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for the League of late may be the outcome of a certain anxiety as a result of the rise of German Fascism, since German Fascism is also pre-eminently nationalist, and a union of Austria and Germany with the winning back of certain territory in the Tyrol is not beyond the bounds of possibility. This view is borne out by Einzig, a pro-Fascist writer, who naively states in "The Economic Foundations of Fascism," p. 16, that "at the present stage it is not in the interest of the Italian Fascist regime that similar regimes should be established in other countries . . . as it would be accompanied by a revival of Nationalism." A candid friend, indeed!

The above criticism of Italian policy is not at all intended to imply that the policy of other Great Powers, even of Great Britain itself, would well stand examination in the light of civilised and Christian principles. But the difference is that Fascism is avowedly nationalist and suppresses international elements such as pacifism, socialism, etc., in the state, whilst in liberal-democratic countries they do have some scope. Moreover, if the policies of other countries do remain at bottom fundamentally nationalist, they do at least pay to virtue the tribute of hypocrisy, and concede that international harmony is a desirable goal, and disarmament and the growth of international authority, i.e., the abandonment of national sovereignty, can be advocated as necessary to achieve it. But Fascism denies that international peace is possible or even desirable. Thus Rocco speaks of "war . . . interpreted by the liberal-democratic doctrines as a degenerate absurdity or as a maddened monstrosity," as being "the eternal law of mankind." Gentile says that to the Fascists it was necessary that Italy should enter the war in order that "the Italian nation might receive its test in blood, such a test as only war can bring by uniting all citizens in a single thought, a single passion, a single hope, emphasizing to each individual that all have something in common, something transcending private interests." Mussolini is even more emphatic than Gentile. Fascism "repudiates the doctrine of Pacifism—born of a

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renunciation of the struggle and an act of cowardice in the face of sacrifice. War alone brings up to its highest tension all human energy and puts the stamp of nobility upon the peoples who have the courage to meet it. All other trials are substitutes . . . thus a doctrine which is founded upon this harmful postulate of peace is hostile to Fascism. And thus hostile to the spirit of Fascism, though accepted for what use they can be in dealing with any particular political situations, are all the international leagues and societies"⁶. So much for the "idealist" nature of Fascism which dubs socialism as "materialist". German Fascism takes exactly the same attitude, as seen by Von Papen's notorious remark in January, 1933, when the Nazis came to power, that Germany had struck the word Pacifism from its vocabulary.

The Fascists then by no means renounce war as an instrument of national policy; they believe that not only will war come but it is to be welcomed—when their State is ready for it. Such an attitude, of course, makes the achievement or preservation of international peace virtually impossible, and there is no need to labour the point as to what should be the Christian attitude towards this aspect of Fascism. The Fascist attitude that war is not only inevitable but to be welcomed by a virile nation has just been reiterated by Mussolini (29/5/1934), and it means the upholding of full national sovereignty which must inevitably result in war; Christianity upholds the brotherhood of all men irrespective of race, nationality, or colour.

Closely linked with the Fascist attitude towards war we may consider the Fascist attitude towards women. In this respect we have only to remember Von Papen's now well-known pronouncement that "Mothers must exhaust themselves in order to give life to children. Fathers must fight on the battlefield in order to secure the future for their sons." Goering says "Woman—her place is in the

6. Mussolini: Article in *Encyclopedia Italiana*, 1932.

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home, her duty the recreation of the tired warrior"⁷, whilst, in general, Fascism proclaims that woman's role is "Church, Kitchen and Children." Lest this may be thought to be a selection of the more extreme statements of Fascists it might be pointed out that the attitude of Mussolini and the Italian Fascists is essentially the same. Women are not to compete for employment with men; their duty is to rear large families, and all sorts of devices and "stunts", from special taxes on bachelors to mass weddings and bonuses on marriage, have been adopted to stimulate the Italian birthrate. The aim is that Italy shall increase her population from 42,000,000 to 60,000,000 and then she will have to "expand or explode." Such an attitude has little or no conception of women being regarded as human beings of value in themselves; they are instruments that the Fascist state and the class that it serves may attain their objects.

The major claim made by the Fascist spokesmen, however, is perhaps their claim to have solved the economic problem and the class struggle which to a lesser or greater degree torments every country. The origin of Fascism was, I believe, primarily to put an end to this struggle, and the Italian Fascists claim that in the Corporate State they have a solution. Their solution is not to get rid of the conflict of classes by abolishing classes but to compel all classes to co-operate for "the good of the nation." The Fascist method of ending the class war is to compel one side (at least) to cease struggling, not to abolish classes and establish industrial and social peace on a basis of willing co-operation. All the old trade unions, along with the old political parties, etc., have been dissolved, and in their place "syndicates" of employees and employers in the different "categories" of economic activity—industry, commerce, banking, transport (land), sea and air transport, agriculture, and the professions have been formed. The idea in 1926 was that the syndicates of employees and employers in each industry should form a corporation; these were to

7. Strachey: "Menace of Fascism", p. 65.

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be "organs of co-ordination"—(i) to settle disputes, (ii) to promote production, (iii) establish employment agencies, (iv) to regulate training and apprenticeship. Strikes and lock-outs were prohibited, and if a dispute was not settled between employers and employees it was to go to an arbitration court which should give a binding decision. Since all non-Fascist or luke-warm judges were dismissed soon after the Fascists came to power in Italy the decision of the courts could be relied upon with equanimity—by the Fascists. Though strikes and lock-outs are prohibited the power to dismiss workers remains. Moreover, a condition of membership of the syndicates was "good political conduct from the national point of view," whilst only 10% of the workers in a particular trade or district are necessary to get the "recognition" of that syndicate by the government. But all workers must pay their dues to the "syndicate" whether they belong to it or not, and submit to "collective agreements" into which it enters regarding wages, hours and conditions. These syndicates also carry on many kinds of social activities of a useful kind. As a matter of fact, down to May 1933, only one corporation had been formed, that of the professional workers, though a Ministry of Corporations had been set up and a Grand Council of Corporations consisting of delegates from the national syndicates of employers and employees from the different "categories" of economic activity. These delegates from each "category" are now called "corporations", but their functions are purely advisory and conciliatory—the government makes the actual decisions.

The Fascists claim that they have evolved a system which is different from capitalism and socialism, and which ensures that economic activity is carried on in the interest of the nation as a whole. Rocco's explanation of why Fascism and its corporate system are superior to Socialism for this purpose deserves quoting. He admits that socialism is an attempt to solve a serious problem, but "it does not take into account human nature; it is, therefore, outside of reality, in that it will not recognise that the most

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powerful spring of human activities lies in individual self-interest and that, therefore, the elimination from the economic field of this interest results in complete paralysis. [Is it not strange that Fascism, so scornful of individual interests elsewhere, is so tender towards them in the economic sphere?] The suppression of private ownership of capital carries with it the suppression of capital itself, for capital is formed of savings and no one will want to save, but will rather consume all he makes if he knows he cannot keep and hand down to his heirs the results of his labours Socialism then, as experience has shown, leads to increase in consumption, to the dispersion of capital and, therefore, to poverty . . . The recognition of individual property-rights, then, is a part of the Fascist doctrine, not because of its individual bearing, but because of its social utility"⁸. As a criticism of socialism this was pretty sorry stuff even when it was written in 1926, but it is interesting for the light it sheds on the ideas and real motives behind Fascism. And what has Fascism actually done to improve the social and economic conditions of the people of Italy? Though its record is not entirely barren, it has not been able to give economic security or to improve economic conditions any more than any other capitalist country in the last few years. Real wages fell, and unemployment more than doubled from 1929 to 1932, and this in a country not amongst the most highly industrialised⁹. This being so, what are we to think of Fascism as a social economic system? The rational procedure when approaching the economic question would seem to be to inquire what social-economic system will best permit every individual to realise his capacities in the service of society and himself. This is a duty incumbent upon every Christian. If one starts from the assumption that the private ownership of the means of production is to be preserved at all events, and the social economic system has to be adapted to that fact, then the means of life are being regarded as an end in itself.

8. Rocco: *op. cit.*

9. See Strachey: *The Menace of Fascism*, p. 99.

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But this seems to be precisely what Fascism does. Its whole social philosophy (if such it can be called), its attitude towards peace and war, international relations, rights of women and industrial relations, can only be understood and accounted for if we understand that Fascism is primarily, as Strachey says, a "movement for the preservation by violence, and at all costs, of the private ownership of the means of production"¹⁰. Rocco says that private property rights have been upheld by Fascism because of their social utility. It is submitted that the Fascists deceive themselves on this point, for they have a difficult case to prove if they maintain that social welfare is being promoted by the maintenance of the institution of private property in the modern world. Fascism then starts, first and foremost, from the determination to maintain the privileges of the propertied classes, and all their other doctrines flow from that primary determination. It may be that, in time, Fascism will modify its objectives gradually; in fact it is almost inevitable that it will, for after all it depends very largely on the support of the wage-earning classes and cannot be entirely insensible to their influence and pressure. But in essence at the present time Fascism is a middle-class and capitalist movement, however much it may be able to win the support of the wage-earning class. In order to maintain private property all freedom of speech and association has been destroyed; the nation has been "disciplined". The Fascists try to force or "condition" the nation to accept the capitalist, middle-class views on all matters of social policy. Thus Gentile says "The Fascist State is a people's state, and, as such, the democratic state *par excellence*". The relationship between the State and the citizen is so intimate that the State exists only as, and in so far as, the citizen causes it to exist. Its formation, therefore, is the formation of a consciousness of it in individuals, in the masses. Hence [and here is the rub!] the need of the Party and of all the instruments of propaganda

10. Strachey: *op. cit.*, p. 130.

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and education which Fascism uses to make the thought and will of the Duce the thought and will of the masses"¹¹.

So that even if we should accept the general doctrine that society comes before the individual in importance, and that the individual if necessary must be sacrificed to it, yet the rational and Christian attitude surely insists that the ends which society is to pursue should be determined by the free and enlightened wills of the individuals composing it. It is not claimed that we get this in the so-called democratic countries of to-day, but it is maintained that Fascism seeks to suppress the free and enlightened will and to substitute the aims of a class or a section. If the acts of Society only have moral value for the individual, in so far as they are an expression of his own free will, it is clear that Fascism does not and cannot conform to any rational or Christian view of a desirable social order.

—HERBERT BURTON.

11. Gentile, *op. cit.*

AN INTERNATIONAL MEDIUM OF EXCHANGE

By R. J. RANDALL.

There seem to be two essential steps by which an international medium of exchange may come to be established. Firstly some commodity must be chosen which is both procurable and acceptable in two countries. Then this commodity must be given a fixed price in terms of the respective units of account. The latter step, however, will be a mere useless formality unless measures are taken to ensure that the commodity chosen will always be procurable at the designated price. Quite obviously there must be some authority to accumulate and administer a supply of the commodity. This function as a rule devolves upon a central bank.

By far the greater part of international indebtedness, however, is not settled by the transmission of currency, but by a system of offsetting originally made possible by the development of the bill of exchange with its characteristic of negotiability. The growth of international clearing houses, such as London, has enabled the system to be extended to the offsetting of balances due between countries so that the principal need for international currency to-day is to discharge balances outstanding between each country and the rest of the world.

At a time like the present when there is no international medium of exchange in the strict sense of the word it is particularly necessary to understand the theory of the matter both for the sake of guidance in an emergency and because a chance may come to build anew on better and more secure foundations.

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Naturally, there are many schemes afoot for establishing new systems on more or less idealistic principles. Most of these, however, belong to a visionary order of things which is not likely to be realised in our generation. Their worst defect generally is that they involve a complete break with the past which, with money as with all other institutions, is plainly undesirable. Our discussion, then, is likely to be more useful if, instead of considering them, we take as our text the dictum of the MacMillan Committee "that there can be little or no hope of progress at an early date for our monetary system except as the result of a process of evolution starting from the historic gold standard." For this there appear to be two clear reasons. Firstly, the gold standard is the only one in the working of which there exists a considerable body of human experience, and, secondly, the gold standard has at least proved to be workable, while its defects, though serious, do not seem incapable of remedy.

The amount of gold needed by a country for the working of a gold standard might seem to be a matter for empirical determination. The test would appear to be whether in the light of past experience all normal needs were provided for together with a fair margin for contingencies. Almost invariably, however, the legislature has seen fit to step in and prescribe what the reserve should be. The position has been complicated by the fact that gold was required for internal as well as for external purposes. Even when paper money was used as hand to hand currency it was deemed necessary to make it exchangeable for gold coin. This required an extra stock of gold over and above that necessary for internal payments and in the reserve regulations the two were assimilated.

The consequence of these regulations was of the highest importance. The note issue was limited by the amount of the gold reserve. But the amount of the note issue when notes constituted the hand to hand currency bore a fairly definite proportion (depending on the habits of the

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people as regards their preference for different kinds of media) to the total volume of means of payment including bank deposits which were the result of credit creation. There was thus an indirect connection between the gold reserve and the total volume of means of payment. Of course, there was always a certain margin over and above strict reserve requirements, because otherwise the regulations would have been in constant danger of infringement. Necessarily, however, these margins were small.

The underlying principle of gold movements is that gold tends to flow to the centre where it has the greatest purchasing power. But gold being tied in each country to the money of account has the same purchasing power as that money. The fundamental problem of regulating demands upon the gold reserve accordingly becomes the problem of regulating the purchasing power of the money of account. To maintain its stock of gold each country must maintain the purchasing power of its monetary unit at or above that of other monetary units. In a sense the process is self-regulating. It is the total quantity of money, which, other things being equal, determines the purchasing power of each unit. When gold is lost this total must be reduced if the proportion which it bears to the reserve is to be maintained. But this reduction will raise the purchasing power of the monetary unit and so tend to bring gold back. An increase in the gold reserve will have the contrary effect. Much will depend, of course, on the behaviour of contiguous monetary systems. If they react in the same way to gains and losses of gold, the to and fro movement will be accentuated.

Obviously the result of the system is to bring about uniformity of purchasing power for gold in all countries. But uniformity is a different thing from stability, and it will readily be seen that there is nothing in the system itself to guarantee stability of purchasing power. An increase in the total gold reserves would allow of a general monetary expansion. So, too, would a relaxation of reserve

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laws, allowing a greater monetary edifice to be built on a given basis of gold. This must be regarded as a cardinal defect of the system.

Further than this, it is necessary to distinguish between gold movements according to their causes. Those which we have described as due to disturbances of equilibrium between the wealth values of the respective units of account may be called "organic" movements. But superimposed on these are others which are due, proximately at least, to more superficial causes. All kinds of factors may be responsible for transfers of gold: differences in comparative interest rates, panic sales of securities in time of crisis, the attraction of short term funds to take part in a speculative boom are characteristic of these and all represent contingencies to be guarded against by those who control reserves. What matters most about them is that the measures taken to counteract them are the same as those applied to displacements more fundamentally caused. For purposes of this discussion we shall refer to them as "independent" movements.

The chief instrument of control was the short-term rate of interest. By raising or lowering this the currency authority was able to influence both the short-term debtor or creditor position of the country and, over a longer period, the volume of means of payment. It was this latter power which enabled it to affect the purchasing power of the monetary unit and so of gold. But the strength and efficacy of the mechanism varied greatly in different countries. In Britain it was remarkably strong. Internally, the high development of the monetary system made industry very sensitive to changes in Bank-rate; externally London's predominating position as a creditor on short-term enabled her to transmit the effects of the credit policy to the whole commercial world. Other countries of smaller financial strength and with a less highly developed system were compelled to remain more or less passive to movements originating elsewhere.

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It is usual to describe the system as automatic, and this on the whole is a true description. But it is important to realise just in what sense it was automatic. The natural result of its operation was to maintain stability of exchange rates at or about a parity representing the relative gold values of the different monetary units. This it achieved of its own strength and it was automatic in the sense that those by whom it was controlled sought no other end. Their function, essentially, was to promote the smooth working of a naturally self-regulating mechanism. To central bankers the exchanges were a clock-face and Bank-rate a lever by which the pressure upon their reserves could be controlled. Apart from that they followed a random course towards an uncertain goal.

The predominating fact was that for all practical purposes gold was a severely limited quantity. The stock in monetary use was increased only by small increments which had hardly a perceptible effect upon the total quantity. The consequence was that the countries on the gold standard were competitors for gold. What one gained another had to lose. But the intimate relation between gold and the total of money tended to correct these movements. There was a kind of see-saw movement in between gold reserves. But these oscillations, particularly those due to independent causes, were capable of almost any form of violence. The only restraining factors were the ability of each country, according to the strength of its mechanism, to raise or lower the value of its money, and over and above this the power of London to impose something like a common policy upon all.

The main features of the system may now be summarised.

(1) In maintaining exchange stability it tended to promote uniformity of purchasing power for gold in all countries.

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(2) It had no inherent power to maintain a constant level of prices. On the contrary, changes in the stock of gold, changes in the demands upon that stock, changes in the monetary structure built upon it might cause great upward or downward movements of prices.

(3) Movements of gold had repercussions throughout the entire world and could be counteracted only by manipulation of the purchasing power of money.

Among these, it is evident, there are some defects and some advantages. For those engaged in international trade stability of exchange rates is an immeasurable convenience. They are able to carry out their transactions on a basis of certainty that would otherwise be wholly lacking. Uniform purchasing power for gold is not in itself a very considerable advantage, but it points the way to a consummation of far greater weight. Against these have to be set the drawbacks of which the last two characteristics are really different aspects. The gold standard in its automatic form did nothing to prevent and did much to create unstability of prices over long and short periods. This is the main basis of criticism of the standard at the present day. The outstanding lesson of recent monetary experience has been the evils of fluctuating price levels. Though long recognised by economists there has always been a tendency to minimise its significance; but in recent years, through the operation of various factors, the evil has been accentuated and a great and growing body of opinion demands the stabilisation of prices over time.

The assumption underlying most criticism of the gold standard seems to be that stable exchange rates and stable prices are incompatible. And, indeed, if we regard the working of the standard as experienced in the past, the assumption is certainly justified. Stability of prices was at nearly all times consciously and deliberately sacrificed to exchange stability. There appeared to be a quite irreconcilable conflict between the two and the indictment is all

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the more severe inasmuch as there was no discrimination on the part of the controlling authorities between "organic" and "independent" movements of gold. Defenders of the standard, however, while admitting these facts, challenge the view that the two objectives are incompatible. They base their arguments on the principles, already enunciated, that gold movements are due fundamentally to variations in its purchasing power between places. From this starting point their line of reasoning is plain. Stability of purchasing power, universally maintained, would mean uniformity of purchasing power as well. The first achieved, the second would be assured, and the apparent conflict between the two would be resolved. There are, however, important conditions attached to the conclusion. The most important is that price stability must be made the prime objective of monetary policy in place of exchange stability. Another is that so far as "independent" gold movements are concerned, the old automatism must be discarded. Each country must be able and willing to meet these movements without allowing them to influence its price level. It is with the mechanics of these proposals that we must now deal.

When the gold standard was restored after its breakdown during the war it was found that conditions had changed greatly since pre-war days. An uneven distribution of the world's gold stocks, the existence of vast international liabilities, the division of financial leadership between London and New York, the growing practice on the part of financially weaker countries of holding large balances in the greater centres all combined to hinder the working of the system according to the old rules.

The mechanism functioned precariously for a few years. Then a quick succession of crises in different countries, caused mainly by discordant credit policies set up a strain upon the gold centres greater than they could bear, and one by one they abandoned the standard.

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The need of the moment is for some contrivance, fool-proof if possible, by which the disabilities consequent upon the break-down may be immediately overcome. But this can be merged into the long-range problem of building a new system free from the defects of the old, which will unite the advantages of an efficient international currency with the wider aim of a stabilised price level.

As conditions essential to the attainment of these ends, the following may be enumerated:—

(1) The controlling authorities of each country must agree as to the necessity of stabilising the purchasing power of the respective units of account and hence of gold; (2) an attempt must be made to moderate, if not to remove entirely, "independent" movements of gold. In any case these must be prevented from interfering with the price level; (3) the function of gold reserves must be thoroughly understood and administered accordingly—this points to a revision of existing reserve regulations; (4) a re-distribution of gold on a more even basis is desirable so that the new system may have a fair start; (5) there must be some means of imparting elasticity to the supply of international currency.

As to the first, though agreement has not yet been secured there is a sufficiently wide recognition of its desirability to make possible its attainment in the near future. Naturally there is some controversy as to what constitutes price stability. At first sight the term might suggest stability of the world price level, but the difficulty as D. H. Robertson assured the Macmillan Committee is "to find a thing to be called a price level, and a place to be called the world." A much more definite and practical concept is the price at wholesale of "the principal foodstuffs and raw materials entering into international trade." This, it is recognised, would leave some scope for fluctuations in internal prices, but the extent of these fluctuations would necessarily be small.

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The wild movements of short-term funds in post-war years might be expected largely to disappear with the return of stable conditions, while those remaining might be more effectively controlled. In this connection it is interesting to consider Mr. Keynes' suggestion for a widening of the gold point. This would undoubtedly diminish the mobility of short-term funds, though it is difficult to see how it could work without a complete monopoly of gold on the part of central banks. Whatever the device employed, however, the need for the fulfilment of this second condition is quite inescapable. No longer is it possible that "the fortuitous arrival and disappearance of gold shall be the accepted prime regulator of money supplies."* The link between these two must be permanently broken. Each country, if it desires to remain within the stabilised system, must be prepared to receive and part with gold without altering the rest of its monetary structure. This is the key to the reconciliation of the hitherto discordant claims.

The three remaining conditions follow upon the second. It was a fortunate development in monetary history which removed gold from its old place among the circulating media and narrowed down its functions to one, yet there are impediments still to reaping the benefits of the change. In practically all countries the old reserve regulations remain, though in some provision has been made for relaxing them in emergencies. This constitutes a serious obstacle to the carrying out of the second condition. The authorities are not given a free hand. Only when they have a large margin above reserve requirements have they a chance of implementing such a policy as we propose, yet the ability to do so is a centre-piece of the plan.

The need for a re-distribution of gold is evident enough. No country could be expected to undertake the obligations which our second condition would impose while its reserve margins were dangerously small. On the other hand, those countries which have a superabundance of gold would be in-

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clined to indifference so long as their own positions were assured. What constitutes a fair re-distribution, however, is not easy to say. Factors which would have to be considered are the respective countries' volume of external trade, the amount of their short-term liabilities and their power of counteracting gold movements once they had begun.

The final condition might be regarded merely as complementary to the other proposal, or as the foundation of the whole scheme. The problem, briefly, is to supplement the gold standard in its previous form with some mechanism which can be called into action to relieve a shortage, or to absorb a redundancy of gold. The bearing of this on the vital second condition is obvious. If a country is required to part with gold it will be far more ready to do so if it can be assured that in the last resort its loss can be repaired. With this assurance it would be almost indifferent to what would otherwise be a source of anxiety. The danger of a breakdown, moreover, will then be completely removed. The first solution which might suggest itself is a scheme of mutual assistance between central banks. This would not be an innovation. During the pre-war gold regime central banks sometimes came to each other's assistance in time of crisis, as when the Bank of France lent £3,000,000 in gold to the Bank of England in the Baring Crisis of 1890. It is probable, however, that central banks would be reluctant to enter into such obligations. Hawtrey prescribes as a condition of crisis—loans that they be granted either to an unlimited amount or not at all, a responsibility which is not lightly to be undertaken. Further, there is a possibility that central banks might not be able, though willing, to render such assistance, being themselves affected by the crisis conditions. These uncertainties tell heavily against the proposal.

Another expedient of which much was hoped formerly was the gold exchange standard. Easily realisable assets

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were held in gold centres and being practically the equivalent of gold they were an effective substitute for gold reserves. The Genoa Conference recommended an extension of the system, primarily to prevent a shortage of gold in the years 1924-1927. Their advice was largely acted upon, but they seem also to have contemplated the extension of the system as a means of giving elasticity to the supplies of international currency. Undoubtedly, the idea contained great possibilities, but it has been undermined by the events of recent years. The suspension of gold payment by the greater centres caused tremendous losses to those holding balances there. France is said to have suffered a depreciation of assets to the amount of 2,092,000,000 francs when Britain went off gold. The result is that for the time being, at any rate, "the employment of foreign balances as reserve money is completely at an end"[†]. Even before its abandonment, however, the system was being attacked on the ground that it had an inflationary tendency, inasmuch as it allowed the issue of currency against assets created for the purpose.

Some hope appears to lie in the Bank of International Settlements. All kinds of hopes and fears have been built round this institution. Some have seen in it the genesis of a world-bank, dominating and ultimately superseding existing central banks, others have refused to see in it more than a clearing-house of reparations. Our interest in the matter lies in the possibility of its becoming an international centre of last resort. *Einzig* specifies as among its powers (1) assistance in the maintenance of the gold standard in case of emergency, (2) assistance in the relief of temporary pressure. On the face of things, this is exactly what is required, but some further enquiry is called for. The Bank undoubtedly possesses large powers of credit-creation, but how would these be exercised? If the Bank is to be anything more than a repository for gold, it must undertake the creation of deposits against security, but this opens up the possibilities of inflation, against which there would

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have to be the strictest safeguards. So far the chief influence has been the fear that the Bank would promote world-wide expansions and contractings of credit. Is this fear justified? Until the management of the Bank has shown that it is not, one conclusion must be that though the Bank has it within its power to discharge the function we propose, it has yet to prove itself fit to do so.

There remains for consideration the scheme put forward by Mr. Keynes in March of last year. Believing that the solution of the economic problem is a rise in price levels through a vast increase in spending power, and seeing a chief obstacle in a shortage of international currency, he proposed an issue of gold notes by an independent authority against the bonds of the participating governments. The notes are to be distributed in accordance with the formula and are to function solely as a means of international payment. Let us now examine the scheme in the light of its adaptability for our purpose.

It is first to be noted that its primary intention is to promote a rise in prices. This might suggest that it is to be of a temporary character, but in the concluding paragraph of his outline the author gives the key to its employment in a wider sphere. "The governing board would be directed to use their discretion to modify the volume of the note issue, or the rate of interest on the bonds, solely with a view to avoiding as far as possible a rise in the gold price level of primary products entering into international trade above an agreed norm." Here is an acknowledgment of its possibilities in a permanent mechanism. When once the desired rise in prices has been achieved the organisation could be retained, and, with some changes in its constitution, perhaps used as a supplement to the stocks of gold. By its means a temporary shortage could be made good or a temporary redundancy absorbed. Some aspects of its working may now be considered.

First and foremost there would have to be a clear

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understanding as to its purpose, and, in particular, that it should subserve the general idea of price stability. On what terms would a country be able to receive assistance? It could be made a first condition that a country which sought to repair a loss of gold should be able to show that it had not indulged in a depreciation of the volume of its money. This would not be an unfair stipulation, or one which would be difficult to enforce.

How could a general inflation be prevented? It would be easy enough to add to the note issue, but how could notes be withdrawn? Partly the rate of interest on the bonds could be employed. If this were made sufficiently onerous, the holders of notes would be induced to retire them as early as possible, but more effective still would be a limitation of the life of the bond. If this were restrained to, say, six months, the issuing authority would have the power to curtail the volume of the note issue by requiring repayment of the bonds on expiry. How could the plan be related to the problem of counteracting a sudden increase or decrease in the available stocks of monetary gold? There would simply be a fresh issue of notes, temporary or permanent, as the case might require. When, on the other hand, gold reserves were beyond normal requirements the currency authorities would be tempted to return notes and so save the interest on these bonds.

The most vital problem, however, is that of devising an effective system of control. Who should shoulder the grave responsibility which the scheme would entail? Invidious discriminations would often be involved, and decisions would have to be made which would have a momentous bearing on the welfare of the countries concerned. Mr. Keynes suggests a governing board elected by the participating governments. The drawback is that the new body would be inexperienced and without the prestige necessary to carry it through the initial stages. From the outset it would be the object of mistrust which the slightest conflict with national self interests would aggravate.

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Why not make the League of Nations the foster-parent? The reputation of the League is nowhere higher than in its financial administration. It has the advantage of being well established, and its staff should be equal to coping with the technical difficulties involved.

Having now the main specifications of a plan for an international currency system, we may set them forth in summary form,

- (1) It is essentially a development of the historic gold standard.
- (2) It differs from that standard in that it is to be regulated with a view to reconciling the main idea of price stability with stability of exchange rates.
- (3) Gold being held solely as a means of meeting international liabilities, the controlling authorities are to have far more freedom in the use of their reserves.
- (4) Gold movements due to "independent" causes are not to be allowed to affect price levels, but will act solely on reserves which will function as insulators rather than as conductors.
- (5) There is to be a system of international note issue by which national reserves can be supplemented in an emergency, or large changes in the quantity of monetary gold can be neutralised.

It should hardly be necessary to say that these provisions are to be regarded as integral parts of a coherent plan, which can only be made to work if adopted in its entirety. Partial application would be worse than total neglect, particularly if the general aim were perverted.

—R. J. RANDALL.

WOOL SELLS ITSELF

By R. C. WILSON.

Wool, like gold, has always been a sought after commodity. It is required by everyone and there has never been enough of it in the world to satisfy all demands.

In the Garden of Eden before the fall of man there was enough wool to meet all requirements because sheep were the only living things requiring it. But after Adam had eaten the fatal apple and discovered his nakedness, he needed wool to cover his body, and he and Eve went out to seek it. And mankind has been seeking it ever since.

Jason carried on the quest through the times of mythology when he and his Argonauts sought the Golden Fleece in the wilds of Colchis.

Throughout the Middle Ages the production and disposal of wool was an important factor in commerce and to this very day men from Italy, from France, from Germany, from England, from Japan, from all over the world come to the far cities of Australia to secure for themselves their share of the Golden Merino Fleeces.

Always the buyer has been the seeker. There has never been enough wool to satisfy every user. The wool-grower has never had to cry his wares. He has never had to hawk his wool to the buyer.

Up to the beginning of the Industrial Age, there was surprisingly little wool in the world and there seemed little chance of the supply being increased—a fact which the “top makers” used in a petition to Parliament early in the nineteenth century, in protesting against the introduction of machinery in the wool trade. The raw material for cotton,

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silk and linen could be increased to any quantity, they claimed, whereas "but a specific quantity can be obtained of wool." In fact, the chief source of supply was England herself, with a certain amount of fine wool from Spain.

And then Macarthur arrived on the scene with his first merino wool from Australia.

The nineteenth century ushered in not only the rapid mechanisation of the wool industry but also the enormous growth in the production of the raw material.

Merino wool spread from Spain to Germany, thence to Australia, with South Africa following on. Wool production grew in the United States, in New Zealand and in South America, until by the beginning of the twentieth century the world was producing and consuming about ten million bales per year.

But the world population was growing, and so was its appetite for wool. Demand was always ahead of consumption. Buyers were always seeking more and more wool.

For a while wool from the Southern Hemisphere was sent to London for sale, but the eagerness of the buyers for the material soon brought them out to seek the wool in the countries where it was grown. It is true that during the nineteenth century there were some wool crises and some booms and slumps in prices, but these were the result of a changing system and not of the lack of consumer demand.

Increase in wool production ran a hard race with the increase of manufacturing machinery of woollen mills. Sometimes there were more mills than necessary to manufacture the world's wool, and the mill owners went out and fought each other for the available wool to keep their machinery at work. This caused a wool boom.

After that, for a time, the erection of new mills ceased, but the increase in wool production kept steadily on. Soon

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there was too much wool for the available mills to handle. There was a slump in prices and a glut in wool until again more mills were erected.

So the industry went see-sawing along the nineteenth century, but with all its see-sawing the consumers' demand remained. Whilst wool supplies and wool machinery were increasing, world population was increasing more rapidly still. All the wool grown was wanted by the consumer, and wanted as soon as it was grown.

The growers had only to grow the wool. They had no problems in selling it.

This was the happy position Australia faced through all her development up to the start of the Great War.

August 4th, 1914, saw Australia just commencing to gather in her year's clip, and looking forward confidently to the world's buyers coming to her shores and paying the usual price of about 10d. per lb. for all the wool she produced.

But the buyers did not come. The stern realities of war kept them from their wool gathering.

For a time Australian sales had to be abandoned. Then gradually the world at war commenced seeking wool to clothe its soldiers.

Sales were carried on, though under difficulties, and in 1916 England took over all our wool at a price of more than fifty per cent. above pre-war rates. For the duration of the war and up till 1920 Australian wool sold itself without any help at all on the growers' part.

At the end of 1920 there was a shock for the wool trade. The Imperial Government had not required for war purposes all the wool purchased, and there was a surplus

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of about two and a quarter million bales left on its hands. On top of this there was a part of the 1920 clip left, and a large output coming forward for 1921.

Australia was faced with the enormous quantity of five and one quarter million bales to sell to the buyers. To make matters worse, many mills had been wiped out during the war and new ones had not been built.

The buyers were still coming to Australia, but they had no confidence to buy. The market was choked with wool. What was to be done with it?

Many people advocated dumping the surplus in the sea. "Let us get rid of the surplus," they said, "and give current wool a chance to sell itself." But, in spite of the accumulation, wool proved able to free itself without such drastic treatment.

A company, known as "Bawra," was formed, which held the surplus on one side and fed it gradually to the market.

A tremendous post-war demand for clothing came and a building boom of wool factories set in. Soon all the surplus stocks were used up, and current wool went straight into production. Then the old story of millpower outstripping wool production was repeated. Too many mills were built. The mill owners fought for the limited quantity of wool available to keep their factories at work.

By 1924 the last bale of "Bawra" wool had been sold, and wool prices boomed—as high as an average price of 27.10 pence per lb. being paid for Australian wool.

In 1925 a sudden fall took place caused by exchange difficulties, but these were quickly overcome and wool sold merrily until the end of 1928.

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During 1928 there had been some rumblings of the oncoming storm. "Wool is too dear," said the Bradford manufacturers. "Yes," replied the Australian growers, "you have always said that, no matter what the price of wool was."

Other buyers complained that Australia was borrowing too much money and that this must have an effect on world finance and, as wool was so dependent on finance, it must affect the wool market.

Others again complained that the Australian clip was deteriorating in quality, that the famous fine wools were not being produced in quantity now, and that Australia was turning her attention to the production of coarse wools.

Australian growers repudiated any suggestion that the quality of the clip was deteriorating. They admitted that the wool was becoming coarser. But this, they said, was the fault of the buyers because they gave almost the same money for coarse wool as they did for fine. A sheep cuts a much heavier weight of coarse wool than it does of fine wool and therefore it paid to grow coarse wool. Relationship between Australian growers and Bradford manufacturers was not happy.

Then in 1929 wool felt the full effect of the world depression. The growers were dumbfounded. Wool had seemed in such a sound position that they could not believe the price would drop suddenly from an average of 17½d. per lb. to an average of 11d. per lb.

As the depression went on, wool fell lower still and by 1930 was down to an average of under 9d. per lb., not in gold nor in sterling but in depreciated Australian currency! Many Australian graziers began to lose confidence. "Could wool continue to sell itself unaided?" they asked.

Many schemes were brought forward to help the marketing of wool. One was that an Empire scheme should be

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drawn up for marketing wool on an Empire basis. It was suggested that Britain should purchase the clips of her Dominions, as she did during the war, at a reasonable price from the point of view of growers, manufacturers and consumers, and should control prices to the rest of the world.

This scheme, which would have required an immense amount of finance, was brought forward at a time when Governments were at their wits' end to balance their budgets, and it did not receive very serious consideration.

Under another scheme it was proposed to create additional competition by the Government, or a growers' organisation purchasing portion of the wool at all sales and feeding it on to the market as conditions warranted. It was even suggested that twenty-five per cent. of every day's sale should be purchased by the Government and put on one side.

There were two difficulties in this. One was to provide enough money to finance the undertaking, and the second was that an increasing surplus of wool would have a depressing effect on the market, and would thus prevent the scheme achieving the desired result. If finance could have been arranged, opinion was still divided as to what should be done with the surplus. Some suggested gradually feeding on to the market on Bawra lines. Others contended that it should be immediately destroyed and the loss made good by the people of Australia as a whole, for by this method the increased demand would help to raise prices.

Under another proposal the Government was to be asked to fix the price of wool for export, and to prevent anyone shipping wool bought below this price. It was held that Australia was so important to the World's market that, if this were done, buyers would be forced to raise their limits to the fixed prices.

This method had been tried once before. In 1921, at the end of the Imperial purchase scheme when wool prices

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slumped badly, the Government did pass a regulation preventing the export of wool sold below a certain price. Though wool commenced to rise immediately this regulation was gazetted, it later appeared as though the regulation had been passed when wool prices had reached their lowest point, and there was nothing to show that the Government's action caused the subsequent rise.

Most schemes brought forward for pushing up wool prices required some form of Government control and some form of holding up supplies, but the dislike of Government interference is as strongly ingrained in graziers' minds as is the feeling that wool sells itself if only it is left free to do so.

The schemes attracted a fair amount of publicity, but the majority of the graziers were not behind them. The leaders of the wool interests in Australia stuck firmly to the belief that wool sells itself. They refused to be stampeded into pooling schemes, and pointed to the failure of the wheat pools and coffee pools abroad.

Graziers had a feeling, however, that something should be done for wool. It had to meet such fierce competition from other fibres, from cotton, from silk and from rayon. The growth of rayon alone had been phenomenal. From a negligible quantity before the war it had grown to an output of 459 million lbs. by 1930, more than equal to the whole of one year's Australian wool clip.

Then there were so many changes of fashion. Women especially had turned away from woollen clothing and were worshipping the false gods of silk and rayon. And, judged by the lesser quantity of clothing worn by the present-day women, they seemed less conscious of their nakedness than was their mother Eve.

The time seemed ripe for some form of wool publicity. And in order to influence wool fashions, a "wool week" was held in Australia, and the idea of this spread to New Zealand and America.

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The manufacturers in Europe and Great Britain brought out lighter and more attractive wool fabrics and undertook fashion propaganda, with the result that in ladies' dress goods wool regained a considerable part of the ground it had lost.

And graziers' consciences began to prick them. Those complaints from abroad about the quality of the clip! The manufacturers who made the complaints had been answered summarily. Perhaps, graziers felt, they had not done their best to help wool sales abroad. They felt that they should be in closer touch with the wool manufacturers, and should try to avoid misunderstanding with them. To this end they appointed Mr. Devereux as wool representative in London. Mr. Devereux was able to do a great deal of work in advising the graziers' leaders in Australia about the wool position, and in smoothing out difficulties and misunderstandings as they arose on the other side of the world.

In October 1929 wool offerings to the end of the year were curtailed thirty-three and one-third per cent. In January, when normal marketing was resumed, the market choked, and sales had to be spread out to the middle of the following August, and only finished just as the new season's wool came along.

The price was very low, but wool did not bank up as cotton and many other primary products did—owing largely to very careful handling on the part of the graziers' representatives. It was accomplished by feeding the market with only the bare quantity of wool it could consume. And luckily the buyers were able to take the full year's production each year.

For the seasons 1930, 1931, and 1932 wool went quietly along—practically selling itself. Though prices were low, and were unprofitable, graziers comforted themselves by saying "Wool is all going into consumption. Its channels

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are not blocked up anywhere. "It is ready to take advantage of an improved position immediately economic conditions are better." And the first signs of improvement came towards the middle of 1933.

It may have been a coincidence that this was the time when Roosevelt was elected President of U.S.A., and when he decided that "laissez-faire" had gone far enough in carrying the country on to the rocks, and that it was time for a National Recovery Act.

It may have been a coincidence that this was the time when many countries' finances were rocking and toppling off gold, and money was looking for a safe place to rest, and could find in wool the only commodity going healthily into consumption.

Be these as they may, there is no doubt that in the second quarter of 1933 the world and his wife decided that their old clothes really did look too shabby; and as conditions in the world could not get worse, and there was talk of their getting better—well, why not order new clothes and put a bright face on things? And just as clothing is the first thing in which people economise in bad times; when good times come, with increasing prosperity, clothes are the first things to benefit from the increased spending power.

It does seem a coincidence that this move should have come just at a time when a dry spell was affecting production in the growing countries, and rumours were about of serious shortages of supplies for the year. All these things may have been merely coincidences; but they were enough to send manufacturers scampering to the countries of production, and, instead of buying the wool listlessly at an average of 7d. or 8d. per lb., as they did in the early part of the year, they fought one another for the privilege of paying an average of 18d. or 19d. by the end of the year.

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These high prices brought a wave of optimism over Australia. Wool was the saviour of the country. Australia was riding to prosperity—safe on the sheep's back. All talk of marketing schemes and wool publicity was dropped. It was no longer so necessary to avoid misunderstandings with the manufacturers. Mr. Devereux's term of appointment having expired, he was allowed to return to Australia, and no one was appointed in his place. Enthusiasm was at its height through the first quarter of 1934; and then Australia began to wonder if she was quite so happy with her mount. The way to prosperity became rougher, and the sheep was not as sure-footed as at first had appeared.

Evidently prosperity was not returning to the world as quickly as people imagined. The world and his wife did not order quite so many clothes. The higher prices of the raw material could not be passed on to them in the finished articles. Wool prices began to recede.

In April Germany suddenly put an embargo on imports of wool, largely for reasons of finance. Probably also she was influenced by the fear of war. During the Great War Germany's supplies of wool from abroad were cut off. In another war they would be again. This embargo encourages the production of wool in Germany, and stimulates the search for synthetic fibres to take wool's place.

In June, Italy followed Germany's lead by deciding to reduce her purchases from Australia by half, in order, she said, to force Australia to buy more Italian goods. These shocks were followed by reports of slackening trade from wool centres all over the world. Wool prices continued to fall. Fortunately for Australian growers their last year's clip had been sold. The rush for wool at the beginning of the year had taken all supplies off the market by the end of March. The high priced wool was in the manufacturer's hands.

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But what are the prospects for the 1934 season?

Graziers are facing the opening of the sales resolutely. They are afraid that prices will be lower than they were last year, but they still feel that wool is in an unchallengeable position economically: and that, in spite of embargoes and rumours of wars, it will continue to sell itself in the future as it always has done in the past.

R. C. WILSON.

WHAT IS COMMONSENSE ?

By R. S. MAYNARD.

I was lunching recently with the Editor of this periodical and Professor Fisher, the economist, when I made a remark that seemed to both of them foolish; at least, neither of them being able to suffer a fool gladly, they scoffed at it.

We had been discussing the solution of the world's problems—an enterprise calling for some courage, particularly over a lunch of biscuits and cheese—when one of them expressed regret that each country could not, or would not, run itself on commonsense lines. My retort was that if the world's affairs were run on commonsense lines it would be a dreadfully dull place in which to live. Almost in one breath they said: "Then it wouldn't be run on commonsense lines"; a reply that drove me silent back to my biscuits and cheese which commonsense had suggested should be supplemented with a pot of beer.

What is commonsense? A clear definition seems desirable and yet, commonsense is hard to define. Webster does not attempt a definition. He merely quotes the use of the word by several writers, and from these quotations I have patched up a definition so that I may have a working basis for the things I want to say. Commonsense, I suggest, is that native practical intelligence by which men test the truth of knowledge and the morality and prudence of action. I suppose that we can use it to describe not only this faculty of testing, but the product of the thinking; at least common usage seems to indicate that we may. Now, this native intelligence is, I further suggest, an hereditary factor in a man; a factor raised or

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lowered by the activity or sluggishness of the thyroid or pituitary glands, or both of them, or by some other gland. Individuals with their glands adjusted in a certain way have commonsense or the faculty for testing, etc.; those with their glands ill-adjusted have a lack of it. No census could ever reveal how many people have this faculty for prudent action, so there is never likely to be any way of determining whether any group of people, or any nation, will act with commonsense in any emergency, or in its legislative halls. This conclusion if sound is disturbing, but it explains a lot of things and may explain Mr. Lang and his political morality.

I hold it to be commonsense, for instance, to say that we live by exchange; that every one of us earns his living by exchanging some thing that he grows or makes or possesses, or some service that he can render, for the things or services of others. Believing this, I believe that every obstacle to this exchange makes life more difficult and lowers the standard of living. As I say, I hold this to be commonsense but there are thousands of highly placed men in Australia who regard such a view as sheer balderdash, so it cannot be common sense; it is not the product of the thought of the whole community applying its faculty for testing the truth of knowledge and the morality and prudence of action. These thousands of highly placed men believe in restriction and regulation, and tariffs and embargoes and the wisdom of Mr. Piddington and whatnot. How is anyone to know whether it is their pituitary glands that need adjustment or mine?

I would call it commonsense to say that any attempt, by means of pools, embargoes, agreements or legislation—particularly legislation—to impose an artificial price on any product defeats itself, but the number of primary producers who believe that to be commonsense could be counted on the fingers of one hand. There is the break-

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down of the Paterson Scheme to prove the truth of my belief to the Dairying Industry, and the present price of wool and wheat to prove it to those engaged in producing these commodities, but few are willing to accept this view as sound, so the sense of it, if any, is not at all common.

The old-time economist who said "saving is essential to life; we enjoy a harvest because somebody had the wisdom to save part of last year's seed" is regarded to-day by a large number of people as a silly old ass who had the misfortune to be born before Mr. Lang had revealed the very opposite way to a Full Stomach for all Men.

The majority of people believe that the first essential to life on a proud scale is suitable legislation. To them that is just plain commonsense. To me it is laughable, for I believe that legislation can only *prevent* things being done; that it is only a delusion to believe that a good Sunday dinner, every week in the year, can be provided by votes. I believe that the longer we hug this delusion to our breasts, the fewer will become the good Sunday dinners.

I live by my pen. I mean that, when all is said and done, my biscuits and cheese, and my comfortable bed, and the good shoes in which I enjoy my walking, are all obtained in exchange for the products of my pen. Whether I like it or not the profitableness of my pen depends on the judgment of those who buy what I write, and their judgment is expressed individually over the bookshop or newsagent's counters. My first consideration must be for my customers and my prospective customers. I must meet their demand both as regards quality and price. If I cease to keep that clearly in mind I shall soon find myself without buyers, but there are those going about who think it a good plan to shout No restriction! Of course, occasionally, I can forget my customers and say the things that I want to say, as I am doing in this article; but I can do this only when I do not expect payment, only when I do it to satisfy or to amuse myself. A realization of this seems

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to me to be commonsense, but it is the sort of sense that is rare in our traders and may not be commonsense at all; it may be that I am the only one who thinks it is, and that there would be some justification for classing me with the old-time economist as a silly ass.

One of the writers whom Webster quoted on the question of commonsense called it the faculty of first principles. Well, that is not at all a bad definition, though possibly not broad enough. I would set down as one of the first principles of life the beautiful and comforting old Law of Compensation; the law that promises the excessively wealthy man a poor digestion and the ill-paid farm labourer a good one with an abundance of rough food to satisfy it; the law that promises us a rising tide for every tide that ebbs; that promises, as Emerson pointed out, that every faculty which is a receiver of pleasure has an equal penalty put on its abuse; the law that promises some gain for everything we miss; some profit for every loss and some loss for every profit.

It is a peculiarity of all socialists and communists and other spell-binders that they never make any provision for losses, and never appear to have any idea of this inconvenient old law of compensation. The socialist is all for explaining how he would divide up the profits but he never explains how he would divide up the losses, and it is our Australian experience that these expensive gentlemen always have more losses than profits which is not as it should be and is certainly not commonsense. At least, it is not my idea of commonsense.

I do not think that commonsense is common at all, and I do not look for a common opinion on any subject. Yet after having given the question more thought than I could give it with antagonists on either side of me, and my mouth full of biscuits and cheese, I believe that I was pretty near the truth when I said that if the world were run on com-

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monsense lines it would be a dreadfully dull world. It might even be an impossible world. What would the lawyers do? And the doctors? There would be no Hitlers to talk about, and when commonsense suggested that we should find out how the test matches were broadcast, we might not enjoy them so much. Moreover, if commonsense were common among women a great many men would of necessity, and willy-nilly, remain bachelors. We in New South Wales would never have enjoyed the entertaining spectacle of Mr. Whiddon and his State Lottery, and there might not have been even a Harbour Bridge. No, our glands being what they are—what the draper calls tentwelfths assorted—we can never hope for a common opinion about anything, certainly not a common sense. All we can hope for is a general appreciation of the fact that it is a hard, but for some of us a very delightful world, and that the wise man makes the best of it, Hitlers, Langs, Munganas, land taxes, and American slang notwithstanding.

The common problem, yours, mine, everyone's,
Is not to fancy what were fair in life
Provided it could be, but finding first
What may be, then find how to make it fair
Up to our means.

Perhaps the only bit of commonsense in all I have written, and that is Browning's.

—R. S. MAYNARD.

DISCIPLINE AND SELF-DISCIPLINE

By C. BLUMER, M.A.

The enquiry into the charges made against the officials of the Yanco Institution makes opportune a discussion of the question of discipline and self-discipline in schools, and in institutions of the Yanco and Gosford types.

It is not intended in this article to discuss the conclusions arrived at by the Commissioner. To do so without carefully studying the whole of the evidence taken would be manifestly foolish and unfair. But a survey of the whole question of the need for discipline, and of the various forms that control can take, has a wide general interest, and is particularly suitable at this time, seeing that it is proposed by the Minister for Education to investigate thoroughly the present systems of management of reformatories with a view to possible drastic changes.

STAGES OF MENTAL AND MORAL DEVELOPMENT.

Control by external authority is a necessity for various classes of individuals. The young child will make shipwreck of his whole future unless he has guardians to protect him against himself and his ignorance and natural waywardness. To apply invariably to children the doctrine of natural penalties, that is, of consequences that inevitably follow from the infringement of natural laws, is to carry out the advice of Herbert Spencer to disastrous lengths. For example, fire burns; but to allow the child to play with fire so that he may learn this fact by bitter experience is to court irremediable danger. There must be in this case a direct interference with the child's liberty to prevent possible disaster, and, if necessary, the infliction of punishment in case of disregard of wise and distinct orders.

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As time passes, the wise parent or guardian endeavours by loving care and timely teaching to upbuild in the child's mind a conviction that those who control him are prompted in their admonitions and prohibitions by superior wisdom and by deep affection. When this conviction is established there is no difficulty in securing obedience, at any rate on normal occasions.

But this form of tutelage must change by slow degrees to another method of government, that is, self-government. There will come a time when external control by parents and teachers will be a thing of the past, when the individual must direct his own conduct on wise lines and by sound moral principles if he is to become one of the world's morally efficient ones. The period of transition from strict external control to effective self-control is a critical one, and is one during which a certain amount of risk must be run by the guardians in the matter of the extent of relaxation of authority and the speed of this relaxation. It is safe to say that as much harm may be done by excessive fear of loosening moral apron strings as by too hasty surrender of authority. The two great desiderata in this connection are, first, sound common-sense in guardians, and, next, a conviction by the youth that advice tendered to them is prompted by love and wisdom.

THE RESPONSIBILITY OF GUARDIANS.

It is impossible to lay too much stress on the influence for good or evil exerted by those in authority over children and those morally backward persons who fill our gaols and reformatories. No one is fit to be a parent, a teacher, the superintendent of a reformatory, or the governor of a gaol, who is not the possessor of strong moral principles, sound judgment, a love for his fellow men, and an earnest belief in the potentialities for good latent even in the worst of men. If to these qualities we add a love for justice, we have named the chief qualifications needed for the exercise of authority.

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CONTROL OF THE MORALLY DEFECTIVE.

The heads of gaols and reformatories have no enviable task. They have in their care those who, with every opportunity for attaining moral manhood, have deliberately chosen the path of vice. There are others whose lapse has come from congenital defects. Others, again, have lacked the kindly yet firm control of a good home or school. And there are those who have yielded in a moment of fierce temptation.

The inmates of our reformatories should not all be regarded as criminals. Many of them have actually broken the laws of their country, but there are others who are there because they have been uncontrollable by their natural guardians. This last fact should be borne in mind when we are inclined to criticise hastily the methods adopted by those in authority to check absconding and to secure conformity to the rules of the institution. These methods must, however, not be unduly harsh; and there should be every effort made to secure a co-operation of the inmates due to a conviction that all of them owe a duty to one another. Then, again, there must be a recognition of the fact that if the general belief is that the rules and restrictions are in the best interests of all concerned, a large measure of self-control can be entrusted with safety and advantage to those for whose benefits the rules are made.

SELF-GOVERNMENT IN SCHOOLS.

This fact is recognised and acted on in some efficient schools. Here is a necessarily brief account of how a self-government scheme worked in a State High School where co-education was in operation. It was decided at a meeting of the staff to recommend the Headmaster to relegate to the pupils themselves much of the disciplinary work of the school if they showed themselves ready and eager to assume the responsibility. The question was put to the assembled school; pupils were told that the teachers wished them to

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be responsible as far as possible for keeping order, especially between lessons, in the playground, and when the pupils were on the way to and from school. Great eagerness was shown to give the system a trial. A number of rules were suggested by pupils and teachers, and these and other rules were discussed, and, when approved, embodied in the school code.

Two prefects were elected for each class, one of each sex, and two captains, a boy and a girl, by the school voting as one constituency. The choice of officials could be set aside by the Head-master, who also reserved to himself the right of deposing officials who flagrantly failed to do their work properly. Should a class as a whole fail to back up its elected prefects, the self-governing system could be suspended till a right view of class responsibility seemed to have been secured. Offenders against class and school rules were haled before a weekly court where the captains and prefects heard charges, and inflicted penalties on conviction, in the form of loss of school privileges, "lines," or detention. There was a right of appeal to the Head-master, but this was very rarely exercised.

What were the net results? The big detention squad on three afternoons a week dwindled almost to nothing; and there was distinct evidence of a better class and school spirit, of valuable training in legislative and administrative work, and of unsuspected powers of control on the part of the young officials. Finally, the teachers were able to give all their energies to the work of teaching.

THE METHOD IN REFORMATORIES.

A system on similar lines has been tried with great success in many reformatories, notably in America. The laws self-administered in these institutions are mainly or wholly self-made. The persons in charge act as benevolent supervisors, and exercise when necessary, but infrequently, the power of veto of appointments and proposed laws. Of

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course there is great need for care as to the nature and severity of penalties to be inflicted by the judges duly elected from the ranks of the inmates. Anything savouring of brutality or vindictiveness cannot be justified, and a strict record of all penalties inflicted and exacted should be kept for inspection by the responsible heads.

PROPOSED GAMES.

As has been said above, changes are likely in the management of our institutions at Yanco and Gosford. It is to be hoped that nothing will be done to hamper the firm, yet kindly, control of places that are intended to supply influences that have been lacking in the lives of the young people concerned. There must be no maudlin sympathy with deliberate offenders against morality, and with obstinate rebels against the restrictions of lawful authority. But there is need for official recognition of the wisdom of a system of self-government suited to the potentialities of those concerned, one that will commend itself to their common-sense, and will fit them to take their places as law-abiding citizens when their terms of detention expire.

It is possible in a school or a reformatory to secure order and obedience by the stern enforcement of force external to the governed ones; but if a habit of self-control is to be built up for the benefit of after-life, those in control must foster in their charges self-control of non-social tendencies and an appreciation of the value and joy of corporate mutual helpfulness.

—C. BLUMER, M.A.

REVIEWS

AUSTRALIAN SCIENCE

By T. H. LABY, F.R.S.

"The Theory of Atomic Collisions" by N. F. Mott, M.A., and H. S. W. Massey, M.Sc., Ph.D., Oxford University Press.

"Collision Processes in Gases" by F. L. Arnot, M.Sc., Ph.D., Methuen.

The publication of these books offers an opportunity for drawing the attention of the readers of the "Quarterly" to some aspects of the progress of Australian science. The first belongs to a series in which is to be found authoritative expositions by authors of international reputation of various aspects of that difficult development of modern physics known as quantum mechanics. Mott and Massey have given a mathematical account of the theory of the collisions of electrons with atoms and with molecules and the collisions of atoms and molecules with one another. Dr. Arnot's book is an account of the experimental methods used in the study of the same kind of collisions and the results which have been obtained.

Dr. Massey is a graduate of the University of Melbourne, and Dr. Arnot of the University of Sydney. Both continued at the Cavendish Laboratory studies which they had begun in Australia. At Cambridge they and another Australian, Dr. C. B. O. Mohr, were associated in the investigation of collision processes. The books under notice no doubt owe their existence in large measure to the brilliant original work that resulted from this association.

In the study of the structure of atoms and of the properties of the fundamental entities of present day physics, namely, the negative and positive electrons, the photon, the neutron, the alpha particle, and atoms, science is in large measure dependent upon the observation and interpretation of the effects which occur when two of these entities collide. The classical electrical theory of such processes was in the hands of Lord Rutherford sufficiently to enable him to infer correctly (as we believe), from the deflection of the alpha particle when it collided with an atom, the structure of the core of the atom—that it was positively charged electrically, and small and massive compared to the rest of the atom. In the twenty years that have passed since this discovery fundamental changes in physical theory have been found necessary and it is of these that the books before us write.

It may be inferred from what has been said that the Australians whose names have been mentioned have made significant and some very able contributions to physics.

One reads estimates of the value of Australia's contribution to art and to literature, but the writer has not read any estimate of the value of her contribution to science. There are few, it would seem, who appreciate how notable that contribution has recently become. The list of papers and certain other records contained in the proceedings of the Royal Society of London for April, May and June of this year are of interest as evidence of the part which is now taken by Australians in scientific research.

Australian Science

These proceedings record that Mr. A. G. M. Michell had been elected a fellow of the society for his investigation of the theory of lubrication and for his engineering discoveries of the merit of which it is evident the Society had a high opinion. Professor W. L. Bragg, a Nobel Prize-man, is among the list of those publishing papers. An investigation in the list by Dr. A. L. Green and Mr. Builder represents a field of investigation relating to the propagation of electro-magnetic waves and to conditions existing in the upper atmosphere. An Australian group of workers are making a contribution to this subject which is a leading one. Papers by Mr. Burhop, by Dr. Hercus, Mr. Sutherland and Dr. Oliphant record experimental investigations that are evidence of a high technical ability both experimental and theoretical. Another section of the list contains the names of Sir Grafton Elliot Smith, Dr. Tiegs and Professor Agar, and reminds the reader of the contribution which this country is making too to the biological sciences, but to which some other writer than the present is needed to do justice.

WHY MR. LANG FIGHTS

Mr. Lang has published a book with a quasi-Hitlerian title and a quasi-Hitlerian theme. The publisher of "Why I Fight" would no doubt indignantly repudiate any community of interest with the Nazi author of "My Struggle," yet there is a far stronger basis of resemblance between the two books than mere similarity of title. For just as Hitler's reiterated purpose is to free his countrymen from the clutches of members of the Jewish race, so Mr. Lang's professed aim is to "remove for all time the menace of our Australian social, economic and political destiny being controlled by a small coterie of financiers, whose sole objective is to exploit the country for every penny of profit possible however dire the social consequences of their brigand dictatorship." (p 242.)

The story which Mr. Lang sets out to tell within the space of 350 pages can be more modestly told in very few words, although in doing so one is led irresistibly into the language of fairy-tale. In one of the "banking parlours" of London sits an ogre, viz., Mr. Montagu Norman, Governor of the Bank of England, an Englishman converted to Judaism by Lang planners and disciples of Major Douglas. This ogre has magic powers of such degree that all traditional ogres shrink, on comparison, to the status of children in swaddling clothes. "An error of judgment or of will on the part of Montagu Norman, sitting in his throne room in Threadneedle Street, has . . . brought to a standstill industry in every country by reason of his financial hegemony." (243.)

In the year 1925, Mr. Norman had a brilliant inspiration. He conceived the idea that, by inducing the British Government to return to the Gold Standard, and deflating the currency for that purpose, he could "place £1,000,000,000 in the pockets of the rentier class." (291.) The mere fact that such a policy "incidentally increased the dead weight of the British national indebtedness by £750,000,000" (291) was nothing to him; nor did it strike him, apparently, that this indebtedness might impose indirect burdens upon the rentier class itself. The British Government was persuaded, deflation began, unemployment increased—and so the world depression arrived.

Why Mr. Lang Fights

Mr. Norman did not secure his "financial hegemony" immediately or without effort. He had taken good care in the first place to consult with his intimate, Benjamin Strong (then Governor of the Federal Reserve Bank of the U.S.A.), while on "one of those fugitive and mysterious visits to New York" (21) under the pseudonym of "Professor Clarence Skinner." The next step was to instal one of Mr. Norman's own advisers, Sir Henry Strakosch, as Chairman of the Finance Committee of the League of Nations. Thereupon, "from the vantage point of the subsequently created Bank of International Settlements upon which he occupied the position of director, he manipulated his puppets upon the international stage." Germany and Austria received credits upon Mr. Norman's terms as to the establishment of central reserve banks (Dr. Schacht, of course, was another close friend), and eventually Australia was marked down for similar appropriate treatment.

Through the agency, on the one hand, of Sir Ernest Harvey and Sir Otto Niemeyer (representing the Bank of England), and on the other hand, of our own Mr. Bruce, who, when in England, had been "dined by representatives of the Bank of England itself" (186), Australia fell into the ogre's clutches. Our farmers began to work harder for less profit, and our unemployment rate began to rise rapidly. Soon the Commonwealth Bank was working in the closest harmony with the Bank of England. The Governor of the Bank of England was himself taking a personal interest in Australia's problems, "and when Montagu Norman considers the game big enough for his personal attention, then indeed the hunt is up."

The British banks operating in Australia co-operated in furthering the policy of their own central Bank, and by means of interlocking directorates carried on their "profit racket." Our own trading banks joined in the fun of squeezing the farmer and the wage-earner for their own benefit, until, despite the heroic efforts of Mr. Lang to defeat the purposes of the ogre and his British and Australian minions by refusing to pay overseas bond-holders save on his own terms, Australians could no longer call their souls their own.

Now, therefore, is the time to rise and strike off the shackles which keep free Australians from their rightful heritage. Mr. Lang sends out a clarion call to each and every one to join him in securing "the rehabilitation of this land that we love with the spirit of a religious faith" (351.) "Those of us who have lived side by side with the struggle for existence, who have experienced the wants and the needs of the submerged elements of our social structure and who, in our time, have endeavoured to strike at the financial shackles binding our social system to the irrevocable jungle law of poverty in the midst of plenty . . ." know that the struggle will be long and bitter. But nothing is impossible, provided "in all humility and sincerity we approach the greater problems . . ." (250.) The only way to achieve freedom is to have one national bank which will create sufficient credit to lead us back to the halcyon days of 1928-9, when price-levels had not begun to fall. Not inflation, but reflation is to be the catch-cry—reflation, and Australia ueber alles!

Such are the broad outlines of the story, in support of which Mr. Lang adduces a wealth of detail, taking care, he says, "to quote from original sources and official public documents." (229.) It is

Why Mr. Lang Fights

impossible in a review to deal seriatim with all the facts which he has collected, but no close scrutiny is necessary to see that they are open to criticism from various angles.

The first charge is the charge of inconsistency. Throughout the earlier pages, Mr. Lang makes it very clear that he believes the Directors of the Bank of England resemble a flock of harpies, anxious and ready to snatch food from the lips of the defenceless working man. Yet in Chapter 14 he does not hesitate to call in aid the views of Sir Basil Blackett, one of the Directors of that very bank, in order to try to establish the necessity for a "planned" monetary economy. Again, in the first half of the book Mr. Lang speaks of economists who have risen "from the mire of university cant to the mess room of the dictatorship of finance" (204), and later refers to the "academic hacks who have attached themselves to the propaganda services of the banks." Yet in the last four chapters he draws freely upon the declarations of such economists as Keynes, Pigou and Irving Fisher in order to give an air of academic approval to his own particular schemes. When the views of economists run counter to his own, they are discarded as biased and worthless; in the other event, Mr. Lang tenders the ready hand of friendship.

The second charge is that of reckless exaggeration of the facts. This is made manifest both by the phrases chosen to describe the facts and by the inferences allegedly drawn from them. For instance, it is puerile to speak of the "lecherous process of overdrafts" (54), when under Mr. Lang's own banking regime bigger and better overdrafts are to be the order of the day. Nor can Mr. Lang's assertion that the Commonwealth Bank, under the aegis of Sir Robert Gibson, has acted subversively to the Bank of England be regarded as an inference necessarily following from the fact that during the depression period the Commonwealth Bank and the Bank of England were in constant and close communication with one another.

Thirdly, the exposition of the working of the private banking system is hopelessly one-sided. According to Mr. Lang, the function of a private bank is "illicitly" to secure outrageous profits while performing negligible service to the community; and all private banking systems are placed upon the same level. There is no attempt to discuss what reserves are necessary in order to avoid banking crises like that of 1893. There is no attempt to explain why Australia during the present depression has been saved from the extreme banking crisis which in the United States has resulted in thousands of banks closing their doors. There is no attempt to explain the fact that the annual profits of the Australian banks fell (according to Mr. Lang's own figures on page 96) in the last four years from 6 million to 2½ million pounds. Yet on Mr. Lang's thesis the depression was organised for the benefit of these very banks! In short, Mr. Lang is determined to find reasons for nationalising the banks, and every fact he uses in his book must be made to point in that direction.

Fourthly, in his proposal for the establishment of a national banking system, Mr. Lang is vague and indefinite, taking care to avoid committing himself to any particular system which could be evaluated and criticised. He does not indicate, for instance, whether he favours a national bank controlled by a Governor appointed for a

Why Mr. Lang Fights

long period and not subject to immediate political control, or whether he desires that the control of the note issue be left entirely in the hands of the Treasurer.

Fifthly, Mr. Lang suggests plans for the development of Australian primary and secondary industries which substantially ignore the international difficulties involved. The national bank is to "control the issue of credit to secondary industries, designing that policy to make Australia economically self-supporting to the maximum degree possible" (337). Yet Mr. Lang refuses to consider in detail the effects which such a policy will have upon the income of Australian farmers who now market most of their wheat and wool abroad. The suggestion is, apparently (p. 311), that an adequate return to the primary producer is to be assured by guaranteeing to him a high domestic price for the greater bulk of his produce, the surplus being dumped abroad at what are politely termed "world parity prices." The difficulty of creating sufficient domestic demand (at high prices) for the major portion of Australia's wool and wheat crop, or in default of such demand, finding the money for the necessary Government subsidies, are too obvious to need elaboration; while foreign nations would doubtless have something to say on the question of receiving dumped goods at "world parity prices."

In short, Mr. Lang's advocacy of nationalisation of banking in his book "While I Fight" is one-sided, inconsistent and extravagant: the real case for nationalisation (and there is undoubtedly a case to be made out) will not be furthered by such a book. The average man, moreover, is far less concerned with the theoretical background of the particular financial system which surrounds him than with its practical effects upon the size and security of his income. If a particular system fails him in either of these respects, he will doubtless look for another. But before embracing whole-heartedly an alternative, he will want to know far more precisely than Mr. Lang has told him the details of the new organisation which it is proposed to substitute, while he will also form his own opinion as to the purity of the motives of those who advocate its establishment. As Mr. Theodore has remarked in an article supporting the policy of nationalisation of credit, "critics of nationalisation . . . while considering that the banks have made mistakes and have lacked wisdom and judgment, might ask for assurance that these attributes will be a concomitant of nationalised control. They will allow that governments may do better, but also fear that they may do worse." Mr. Lang's argument, apparently, is that no government can possibly do worse than the trading banks have done. It is on this point rather than upon theoretical evaluation of the alternative merits of a nationalised or private banking system that most readers of "Why I Fight" will eventually decide which system they prefer.

"DESCARTES"

By W. A. MERRYLEES, M.A., B.Litt.

In recent years, two books on Descartes have been written by graduates of the University of Melbourne. Two years ago Mr. A. B. Gibson, son of the present occupant of the Chair of Philosophy at Melbourne University, published a book in which he devoted considerable attention to the historical background of the period in which Descartes wrote. Now Mr. Merrylees, Victorian Rhodes Scholar and Senior Lecturer in Philosophy at the University of Melbourne, has published a second book which, as he tells us in preface, was intended originally to be merely a review of the book written by Mr. Gibson. In preparing a review, he found it necessary to elaborate certain differences of opinion as to the correct interpretation of Descartes' philosophy, and a well-printed book issued by the Melbourne University Press is the result.

In view of the ground already covered by Mr. Gibson, Mr. Merrylees has deliberately refrained from attempting a full survey of Descartes' work; indeed, a sub-title states that the book is concerned merely with "some features" of Descartes' philosophy. The sub-title, however, is unduly modest, for in his book Mr. Merrylees expounds and criticises those aspects of Descartes' works which are central and essential to a proper understanding of his philosophy, namely Descartes' treatment of the problem of "Doubt", his attempts to adduce proofs of the existence of God, his theory of "Ideas", and his account of scientific method.

In examining these points Mr. Merrylees soon shows that he does not belong to the class of philosopher which delights chiefly in demonstrating the mistakes of predecessors. Mr. Merrylees is concerned not at all with disputation for its own sake; his desire is to clarify the outstanding contributions to knowledge which Descartes undoubtedly made.

Throughout three hundred closely-reasoned pages Mr. Merrylees makes the reader fully aware of the greatness of the first of the modern philosophers; yet he is far from being an uncritical admirer. He has his own decided views as to the truth or falsity of Descartes' theories and as to the validity of the arguments by means of which they are sustained. Mr. Merrylees is at pains not only to indicate false theory, but also to endeavour to substitute an adequate theory in its place. Thus, in expounding Descartes' Rules of Method, while paying tribute to the philosopher's recognition that a pre-requisite of all methodical inquiry is a precise question formulated in its simplest terms, Mr. Merrylees points out that, owing to Descartes' view that the perception of implication is infallible and that it alone is sure, Descartes felt bound to exclude from methodical inquiry both observational and experimental evidence, i.e., "those features of . . . method . . . which have been responsible for the remarkable advance of modern science."

Although Descartes has now been dead for nearly three hundred years, in style and matter he may well be regarded as one of the moderns. Modern philosophical disputes as to the nature of error, the see-saw struggle between Realism and Idealism, the continual re-examination of the nature of the proposition, the attempts theoretically to establish the existence of the external world and of God—Descartes has shed light on all these problems. Mr. Merrylees'

"Descartes"

clear and critical account of his theories are of the utmost assistance in estimating the value of Descartes' contribution to philosophical thought, while Mr. Merrylees' own views are a stimulating contribution to the solution of those problems which in one form or another have persisted from Descartes' day to our own.

COMMONWEALTH GRANTS COMMISSION

The Report of the Commonwealth Grants Commission is a substantial contribution to our knowledge of the working of the Australian Federal system. It is important from many points of view, in the first place historically, in the second place as a tentative indication of the principles which should be applied in the allocation of grants to necessitous States, and in the third place because it contains reasoned answers to a number of complaints which have been made constantly during the last fifteen years. The Commissioners, while accepting the principle that in the Australian Federation some redistribution of revenue is necessary, take the salutary view that a State should not wholly escape responsibility for its own conduct. Where, for instance, a State has been unduly extravagant in its expenditure on railways or land settlement a deduction has been made from its grants, and both South Australia and Western Australia have suffered. The Commission, however, recognises that a State may have been justified in incurring losses in the course of its development. Western Australia receives credit, for instance, for the development of the north-west and for the settlement of the wheat area. Again, the Commission recognises that a State should not be allowed to drift into an irretrievable position, though if rescued from irretrievable disaster it should be surrounded with safeguards against a future outburst. The Commission makes some valuable observations on the effect of the tariff and the Navigation Act on the three claimant States and, except when referring to the effect of the Navigation Act on Tasmania, discounts much that has been said about them. On the whole the Commission affirms the principle that a State claiming assistance must pass the two tests that its taxation is slightly higher than the Australian average, and its expenditure on administration and on social services slightly lower. The Commission has escaped the temptation of recommending that grants be given subject to detailed conditions, as has been done in the past. After discovering so many errors the temptation to offer guidance for the future must have been strong, but, fortunately, it was counteracted by a sense of the value to a State in the Australian system of a feeling of responsibility which State grants may weaken but have not yet completely destroyed.

"THE SKI YEAR BOOK"

Members of Ski Clubs throughout Australia and New Zealand are warmly to be congratulated on the Australian and New Zealand Ski Year Book 1934. In no other branch of sport is there presented such a comprehensive record of activity in all parts of the world combined with discussion, instructions and illustrations, the whole enlivened with humour. Possibly the explanation is that skiing is something more than sport, and that there is a bond between the initiated which makes everything done in any part of the world of universal interest. The 1934 Annual contains articles on skiing in Russia, in Kashmir and in Europe, as well as articles on equipment and technique and a chronicle of the events and achievements of the past year. One of the most important of the events was the discovery of the new ski region in Tasmania in the neighbourhood of Lake St. Clair, a direct and most welcome consequence of the opening of the new road from Hobart to Gormanston. Tasmania, readily accessible by air to Australians, should now be one of the most popular fields for skiers. The book is a credit to the enthusiasm and zeal of its editors, who confess that they write not merely to record history but to make proselytes.

Constitutional Association of New South Wales

Wingello House, Angel Place, Sydney

OBJECTS :

1. To inculcate a higher ideal of national service and a better appreciation of the rights and duties of citizenship amongst the Australian people.
2. To maintain and support the integrity of the British Commonwealth of nations and to further the development of Australia as an integral part thereof.
3. To pursue a definite policy which is for the economic, social, industrial, and political advancement of the community as a whole as distinct from any section of it.
4. To promote the maintenance of constitutional government in opposition to Communism and all unconstitutional methods.
5. To organise its membership for the study of current economic, social and political problems for the purpose of reviewing and reconstructing from time to time the policy of the Association, and disseminating this policy through the community in an endeavour to remove causes of misunderstanding and ill-feeling and to bring about co-operation of all interests.

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The Australian Quarterly

A QUARTERLY REVIEW OF
AUSTRALIAN AFFAIRS

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VICTORIA'S CENTENARY

By SIR JAMES BARRETT.

In making any comment on the Centenary Celebrations of Victoria, which are now in course of celebration, it must be remembered that they relate to the first permanent settlement in Victoria, viz., at Portland in 1834. Next year, 1935, will witness some celebration of the Centenary of the Foundation of Melbourne which took place in 1835.

Comments on the current events may be made from many aspects, but the following sketch must, of necessity, be limited as the field rendered possible is vast.

It was a gracious and happy decision of His Majesty the King to send his son, His Royal Highness the Duke of Gloucester, to represent him on this occasion. The impossibility of performing such actions in person, and in arranging for the discharge of his duties by deputy, furnishes yet another illustration of the unique and difficult organisation of the British Empire. Owing to geographical reasons, the King has already rather more than seventy officers discharging his constitutional functions in this far flung Empire in the persons of Viceroys, Governors-General and Governors, and the effort of following their work in the various parts of the Empire must involve work of the heaviest description.

The reception to His Royal Highness the Duke of Gloucester by all classes tells its own tale of the affection and respect for the High Office and Person of His Majesty, and demonstrates the fact that deep down and almost hidden in the consciousness of the average citizen there exists an intense conviction that the civilisation and social organisation he knows is bound up with the maintenance of a constitutional monarchy.

Victoria's Centenary

I have had evidence of this same, almost subconscious, conviction on many occasions. It has at times been my privilege to accompany Governors-General or Governors to remote parts of the State to open Bush Nursing Hospitals and Centres, or to unveil memorials to explorers. In the course of these journeys the route has at times been in places which a representative of His Majesty has never before visited and may not visit again. I ventured on more than one occasion to put a question to the occupant of the office: Why have the settlers along the road improvised flagpoles and hoisted a Union Jack as you pass? Why does every group sing the National Anthem? They do not know you, they have never seen you before and probably will never see you again! What is it deep down in their almost subconscious mind that evokes this display of respect and affection? It is something too precious to lose by reason of its wide significance.

The reception to His Royal Highness has been simply this attitude intensified by the gracious dignity and personal friendliness shown to all concerned. The essential feature of the Centenary is the manner in which this intangible mentality has burst into the light in every direction.

It must, however, be noted with emphasis that in addition to the visit of His Royal Highness the Duke of Gloucester, many men of great eminence, and possessing special capacity and authority, have visited Australia and are making thorough and intimate contact with Australians. It is impossible to overestimate the value of these visits. Field-Marshal Lord Milne, Sir Maurice Hankey, Sir Fabian Ware, Senator Meighen (Canada), Senator Malan (South Africa), Major-General Sir Andrew Russell (New Zealand), Major-General Sir Arthur Godlee, Mr. John Masefield, and many others have traversed the width of the globe to meet us. They have quietly made themselves acquainted with local conditions and placed their wide knowledge at the disposal

Victoria's Centenary

of various people concerned. This to some extent intangible but great benefit must be fully credited to those who have organised the Centenary Celebrations. We should also properly express our gratitude to those who have taken so much trouble to visit Australia and have shown profound interest in our problems.

We turn from this dominant feature to the material evidences of progress in a Centenary. There is much that is gratifying and a good deal of which we cannot be proud. But, like Voltaire, we must realise that man is neither an angel nor a devil.

If we turn back to the period prior to 1934 we find that Bass discovered Westernport in January, 1798, and was not greatly impressed with the quality of the soil near the foreshore though he could not know that a few miles inland there was some of the richest land in Australia, heavily timbered and with a large annual rainfall.

When Murray and Flinders entered Port Philip in 1802 they naturally found the eastern side of the Bay poor and sandy, but the acute Flinders noted the fine Basaltic Plains on the western side.

Stray sealers lived for a time on Philip Island, but the first real inland discovery was made by the journey of Hume and Hovell to Port Philip in 1824 when they recognised the nature of the fine pastoral country through which they passed.

In 1830 Sturt made the memorable trip down the Murray and in 1836 Major Sir Thomas Mitchell cut through the Western District and informed the Hentys at Portland of the magnificent country inland, which led to the immediate and permanent settlement of that part of the State.

The Eastern part of the State was explored with great difficulty by Angus McMillan and Count Strzelecki in the

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early forties and their action completed the task of exploration. There were thus eight major explorers, Bass and Flinders (naval officers), Hume (the only Australian) and Hovell (a sea captain), Sturt and Mitchell (military officers), Count Strzelecki (a Polish man of science), and Angus McMillan (a Scotch farmer).

With the knowledge gained, settlement progressed rapidly. In one of the recent Centenary Lectures Professor Wadham showed that the earliest settlement for pastoral purposes was the rich Western District entered from Geelong and rapidly occupied. It is largely Basaltic and treeless. It is interesting to note that most of the names of the early settlers on this rich country were Scotch.

The Historical Memorials Committee, of which I have the honour to be Chairman, has been responsible with local aid for the erection of some one hundred and ten memorials on these routes. In the neighbouring schools there are maps, beautifully prepared by Mr. A. H. Hansford, giving the nearest approximation to the routes and information gained from the diaries.

Such then is the historic background.

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After the pastoral settlement came agriculture and with it entirely novel problems, the solution of which is not yet completed.

Wheat was grown in Victoria in a different latitude and climate to that of Europe, and new methods became essential. Furthermore, both for pastoral and agricultural purposes, settlers had to face the fact that much of the ground was largely covered with hardwood, which was at that time supposed to be useless as timber, and so it has followed that valuable forests have been utterly destroyed in the process. The destruction in south and east Gippsland has been colossal.

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As all the available country was taken up, a successful attempt was made at last to utilise the enormous area of the Mallee. By various technical devices the central or southern Mallee has been well settled. Whether the northern and north-western Mallee will ever be utilised profitably remains in the lap of the Gods. It is very doubtful. But in this process there has developed in the minds of country people almost a hatred of the tree which stood in their way. The attitude is being modified by experience, but great damage has been done.

After pastoral and agricultural settlement came the secondary industries, mostly situated in the cities owing largely to the deliberate centralising railway policy pursued. Without any tariff there would have been a good many such industries. On the subject of the recent economic nationalism which dominates the cities, some useful figures have been made available by the Government Statistician, Mr. Gawler, which indicate the dangerous impasse which has been created.

TABLE SHOWING THE VICTORIAN PRODUCTION AND CONSUMPTION DURING THE YEAR 1932-33 OF THE UNDERMENTIONED PRIMARY PRODUCTS.

Primary Product	Quantity		Percentage of Consumption to Production
	Produced	Consumed in Victoria	
Wool	lbs. 158,512,193	30,932,959	19.5
Meat	lbs. 478,369,426	368,891,143	77.1
Skins—			
Sheep	No. 7,139,449	661,759	9.3
Cattle	No. 427,644	1,321,213	
Wheat	bush. 47,843,129	14,000,000	29.3
Fruits—			
Fresh	—	—	—
Dried (Vine)	cwt. 1,007,652	137,252	13.6
Butter	lbs. 144,564,666	55,662,650	38.5
Milk	gals. 396,716,208	45,505,056	11.5

The following are the figures for the Commonwealth, for which I am indebted to the Commonwealth Statistician, Mr. E. T. McPhee:—

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PRODUCTION, EXPORT AND CONSUMPTION OF CERTAIN COMMODITIES—AUSTRALIA 1932-33.

Commodity	Unit	Production	Export	% on Prod'n.	Consumed Locally	% on Prod'n.
Wheat	bush.	213,926,981	149,865,970	70.1	64,061,011	29.9
Milk	gals.	1,080,740,158				
Butter	lbs.	419,674,803	226,329,334	53.9	193,345,469	46.1
Cheese	lbs.	36,933,306	11,785,156	31.9	25,148,150	68.1
Fruit, Fresh (including Grapes)	lbs.	2,038,000,000	275,035,300	—		
Fruit, preserved and Dried (not raisins or currants)	lbs.	187,090,196	44,632,876	32.6	92,457,320	67.4
Raisins and Currants	lbs.	172,536,000	106,324,491	61.6	66,211,509	38.4
Jams and Jellies	lbs.	78,994,633	1,884,953	2.4	77,109,680	97.6
Meat—						
Beef	lbs.	866,298,502	153,972,800	17.8	712,325,702	82.2
Mutton and Lamb	lbs.	774,255,678	166,797,511	21.5	607,458,167	78.5
Timber	sup. ft.	307,075,000	26,687,341	8.7	280,387,659	91.3

When I last estimated the position of wool about 6 per cent. was consumed locally and it appeared that if all imports of woollens were prohibited, Australia could not consume more than 10 per cent. of the annual clip.

When it is remembered that the percentage of exports from U.S.A. was small and that even then curtailment produced serious results the gravity of the Australian position is obvious if the world's markets are closed to her exports.

The figures also illustrate the fallacy of the statement, oft repeated, that those engaged in secondary industries can in any circumstances consume our primary products.

It is therefore obvious that Victoria and Australia will have, at this Centenary, to abandon their policy of restricting imports or in the alternative much of the country will become useless and must be in effect abandoned.

The following document came into my possession some years ago and shows the spirit in which the earlier settlers faced the world. The change in outlook is remarkable:—

PASSENGER'S AGREEMENT AS DRAWN UP IN 1816.

Memorandum of an Agreement made this Second day of May in the year of Our Lord one thousand eight hundred and sixteen BETWEEN THOMAS SALMON late of Isleworth and now of Gloucester Terrace in the parish of Stepney in the county of Middlesex Gentleman of the one

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part and WILLIAM ELDER Master and part owner of the ship Adamant of London of the other part WHEREAS the said ship Adamant being about to proceed on a voyage to the River Derwent in New South Wales under the command of the said William Elder and the said Thomas Salmon hath applied for a passage in the said ship to the said Settlement of the Derwent for himself and other persons herein-after named NOW it is Agreed by the said William Elder and Job Coxhead that in consideration of the sum of Three hundred and fifty pounds of lawful money of Great Britain to them in hand paid or fully satisfied by the said Thomas Salmon at the time of the signing hereof the receipt whereof they do hereby acknowledge. That the said William Elder shall and will receive on board the said ship Adamant as Passengers the following persons that is to say the said Thomas Salmon his Wife and Family consisting of three Children and James Salmon the brother of the said Thomas Salmon and his Wife being in all seven persons and shall and will carry them in the said ship to the said settlement of the Derwent And also shall and will provide for the said persons sufficient Water Fuel and Candles during the said passage and also a boy to attend on the said persons as a servant on board the said ship during the said passage in like manner as the Cabin Boy of the said William Elder may or usually does wait upon the said William Elder AND FURTHER that the said Thomas Salmon and the said other persons passengers in the said ship as aforesaid shall have the use of the Cabin of the said Ship and shall have the entire use and possession of the State Room and all the berths and lockers on the starboard side of the said Ship and also of one berth on the larboard side thereof AND MOREOVER that he the said William Elder shall find and provide for the said Passengers as aforesaid a sufficient quantity of fit and proper Casks for the reception of the Dry Provisions which may be laid in by the said Passengers for their use during the said passage And that he the said William Elder shall and will to the utmost of his power accommodate and render every possible assistance

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to the said passengers during the said passage in like manner as Passengers in ships are in general accustomed to receive.

Does anyone think an immigrant with his family would in 1934 travel under such conditions?

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Hoddle planned Melbourne admirably, but since his time there has been no planning of the enormous extension which has taken place and in consequence open spaces and parks are scanty and roads inconvenient. The following table shows the position:—

RESERVES IN THE METROPOLIS FOR PARKS, GARDENS AND RECREATION

Municipality	Area in Acres	No. of Reserves	Area in Acres			Cost of Purchase £	No. of Cricket Pitches	Play-grounds equipped	Public Tennis Courts	Per cent. of Reserves
			Crown Land	Acqd. by Council	Total					
Melbourne ...	7,740	31	1257	3	1260		88	18	22	16.3 *
Blackburn and Mitcham ...	9,920	5	—	49	49	4,223	6	5	—	.5
Box Hill ...	5,200	19	42	248½	290½	33,041	16	22	4	5.6
Brighton ...	3,332	20	167	85	252	38,234	24	5	2	7.6
Brunswick ...	2,719	26	13	66	79	16,834	7	3	—	2.9
Camberwell ...	8,320	47	13	256½	269½	63,992	35	9	28	3.2
Caulfield ...	5,600	14	235	91	326	23,369	30	2	9	5.8
Chelsea ...	3,040	8	85	21	106	5,760	2	—	—	3.5
Coburg ...	4,800	28	21	147	168	22,682	13	9	4	3.5
Collingwood ...	1,139	9	69	17	86	2,500	4	4	7	7.5
Essendon ...	4,000	29	56	241	297	48,536	23	11	—	7.4
Fitzroy ...	923	3	40	1	41	5,000	—	3	—	4.4
Footscray ...	3,982	22	89	52	141	10,917	15	10	2	3.5
Hawthorn ...	2,440	26	18	105½	123½	38,045	18	8	8	5.0
Heidelberg * ...	9,200	34	364	251	615	47,224	20	2	7	6.7
Kew ...	3,553	14	220	62½	282½	13,411	12	6	12	7.8
Malvern ...	3,989	33	30	258¼	288¼	42,032	26	3	9	7.2
Moorabbin ...	12,320	6	89	30	119	9,578	8	1	1	.9
Mordialloc ...	3,500	6	117	25	142	9,960	5	2	1	4.0
Northcote ...	2,850	13	34	60	94	18,485	19	6	—	3.3
Oakleigh ...	2,658	10	48	14	62	4,071	6	—	—	2.3
Port Melbourne ...	2,366	10	47½	—	47½	—	3	1	—	2.0
Prasman ...	2,320	13	2	71½	73½	66,398	6	4	4	3.1
Preston ...	8,830	32	—	222	222	42,772	12	5	4	2.5
Richmond ...	1,430	8	224	1¼	225¼	5,773	16	6	2	15.7 *
Ringwood ...	5,546	9	27	72	99	3,650	3	—	—	1.8
Sandringham ...	3,740	9	167	34½	201½	9,794	7	1	—	5.4
St. Kilda ...	2,049	11	288	1	289	1,732	15	4	8	14.1 *
South Melbourne ...	2,303	8	500	1/3	500 1/3	2,519	46	3	8	21.7 *
Williamstown ...	2,775	14	100½	9	109½	7,875	18	6	13	3.9
Totals ...	132,654	517	4362	2495¼	6857¼	600,657	503	166	159	5.2

The usual amount of space requisite is 10 per cent. apart from roads. The percentages marked with asterisks indicate Hoddle's allowance for Melbourne as it was in his day. The latest suburbs, such as Mitcham and Moorabbin, are in a bad way, as practically no provision has been made for the requisite open spaces.

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A remarkable example of determination and foresight was furnished by the establishment of the University in 1853. Melbourne was founded in 1835. Eighteen years after the foundation of Melbourne, therefore, the Melbourne University was established, in the face of great opposition and distracting difficulties, by a body of earnest men who possessed scientific imagination. When I became an undergraduate in 1876 there were 150 students. To-day there are 3,400. What shall we say of the forceful men who saw so far ahead? Victoria is, and should be, proud that her pioneers showed such courage and wisdom. Be it remembered, too, that Victoria became a separate colony in 1851, only two years before the University was founded.

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Whenever my mind turns to the consideration of political difficulties the wise observation of the late Sir Horace Plunket comes to mind. The relatively sound outlook of the country dweller and the somewhat artificial political outlook of the average city dweller was attributed by him to the fact that the city dweller rarely understood more than a fragment of any industry, whilst the countryman knows one industry from beginning to end. He knows that no political action can make his crops grow or his animals multiply and that he has to face nature favourable or unfavourable as the case may be.

The mistakes previously referred to, grave as they are, may be rectified if the necessity is brought home to what is really a sensible, hard-headed and intelligent population.

The most disquieting feature is the rate of increase of population. In 1869 the birth rate was 38.07 per 1,000, and the death rate 15.54 per 1,000, or a surplus of 22.53 per 1,000. The birth rate is now 15.59 per 1,000, and the death rate 9.59 per 1,000, a surplus of 6 per 1,000, and yet no one can say that the country is over-populated. If Victoria were peopled at the same scale as Palestine, a much poorer country, it would contain 9 million people.

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Mr. Frank Tate, recently returning from South Africa, referred to the appalling difficulty of the South African problems, some of which are apparently insoluble. He said Australia has got into many tangles and difficulties, but they are of our own making and can be rectified.

These and many similar reflections come to mind in reviewing the progress of one hundred years. We have a fine city with much to be proud of and much to regret. We have a population in Victoria of 1,824,578, of whom 995,800 are in the city. We have by artificial means developed the city rather than the country.

In witnessing the outburst of pageant and festivity which has marked the Centenary of Victoria, it may be conceded that even "froth and bubble" have their uses in our social system. But some solid achievements, though not as many as one would have liked, will remain with us, most of them due to private benefaction. The most outstanding is the erection by Sir Macpherson Robertson of a new fire-proof Herbarium to house one-and-a-half million botanical specimens dating back to Sir Joseph Banks and Captain Cook, and which have been in constant danger from fire in the obsolete and highly dangerous building in which they have been housed.

The Boulevard along the Yarra, largely paid for by the late Sidney Myer, is an achievement even though it has destroyed some park land.

The Bridge at the Port Melbourne Pier is another useful addition, and the Girls' High School adds to the list. And so, after the fashion of Voltaire, we may say that there is a good deal to be thankful for and a good deal that must be ephemeral. Rectification of our many mistakes, as in all social changes, means alteration of outlook, which must be slow but is possible to effect. If it be altered, practical action soon follows.

—JAMES BARRETT.

REFLECTIONS ON THE AIR RACE

By GEOFFREY FORREST HUGHES.

I will say, quite frankly, that from the moment the Centenary Air Race was mooted I had very grave fears about the consequences. It was undoubtedly the most ambitious project of the kind the world had seen, and it might easily, I thought, end in a fiasco like the ill-fated race from San Francisco to Honolulu promoted by Mr. Dole, the Hawaiian Pineapple King, in 1927. Moreover, the race was not entirely original—though most people have forgotten this—for the first, and I still think the greatest, flight from England to Australia was made in competition for a similar prize of £10,000. It is just 15 years ago that Ross Smith and Keith Smith and Bennett and Shiers set out on that great first flight to Australia, which they completed by landing at Darwin on 10th December, 1919. The average man has a short memory, and though that amazing flight may be remembered by most of us, I would be very surprised if there are many people who could recall the names of the others who competed in that race. The conditions of the first England-Australia Race are not without interest in the light of the events of today. The £10,000 prize was offered by the Commonwealth Government in March, 1919, for the first flight from Great Britain to Australia in an aeroplane manned by Australians. The flight had to be completed within thirty days and before 31st December, 1919. The start was from Hounslow or Calshot. The finish “in the neighbourhood of Darwin.” In that race there were actually five starters. The only ones to finish were the winners, and they managed to reach Australia with just 52 hours to spare. Two machines were lost with their crews. Douglas & Ross in the Alliance crashed in flames at Surbiton—a few minutes after the

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start. Howell and Fraser were drowned off Corfu. The other two failed to complete the course. Matthews and Kay, in a Sopwith Wallaby, got as far as Bali in Java by 19th April, 1920, where a forced landing so damaged their machine that they could not proceed. The Blackburn Kangaroo, with a crew comprising Rendle, Williams, Wilkins (now Sir George Wilkins), and Potts, had engine failure at Suda Bay in Crete. Though actually they were not in the race, Parer and McIntosh, who left England on 8th January, 1920, eventually reached Darwin 7 months later, after an amazingly plucky and determined flight which you all will recall.

The average speed of the Vickers Vimy which alone completed the race was about 82 m.p.h. excluding stops. Well, although 15 years have passed since then and aircraft capable of about three times that speed were expected to compete, one could not help feeling seriously anxious of the result of a large field blinding flat out across the world, through all sorts of weather and taking big chances to cut the corners. Frankly, I feared a series of accidents and lost machines might easily turn the race from triumph to tragedy. I am more glad than I can say that those fears of mine, which were I know shared by many, have proved relatively groundless. It is true that two brave men have lost their lives in the attempt and that there are a certain number of wrecks strewn on the way, but the public has lost sight of these failures in the general excitement of the finish. I really think that when one realises the grave risks that had to be taken, the result has been, on the whole, very fortunate. Some twenty machines started from Mildenhall and, to date, I think nine have arrived. The rest are scattered over various parts of the world, mostly unable to continue through engine trouble, and I think three are more or less wrecked. I think the comparative freedom from accidents is largely due to the wise stipulation against overloading of machines. At least three really remarkable flights have been made which have given the public a thorough thrill. The first three machines have

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made the flight from Mildenhall to Melbourne inside four days—and that is truly such an amazing time that the public mind has been really stirred to the extraordinary possibilities of the aeroplane as a means of rapid transport. I am not going to attempt to gild the lily by enlarging on the wonders of the flights of Scott and Black, of Parmentier and Moll, or of Turner and Pangbourn—you are all as well aware as I am of the wonderful flights they made. Nor do I belittle the efforts of those others who have completed the course because I do not mention their names—you all know already exactly what they have done. The world—or at least a large part of it—has had a splendid sort of Roman Holiday. The race was so thrilling and the stakes were high, for men gambled their lives, and though only two lost, there was always the thrill of danger for the other fellow to excite the rest of us. What more exciting climax could there have been than Scott and Black battling over the last lap, with a sick engine, strained to the limit after three sleepless days, and the Dutchmen so hot on their heels that if the engine faltered again they would surely be beaten. And then the even more thrilling final stages of that last night flight of the Douglas from Charleville, when, after groping helplessly for landmarks in western New South Wales, it had to chance a dangerous landing at Albury. I don't know how many people have told me—I confess I was sound asleep myself—that they have never had such a thrill over the radio as they did that night listening to the reports of its progress and the fruitless messages to the lost plane. I am not being sarcastic in talking of these things—they were wonderful flights and they were successful, more wonderful and successful than I, for one, ever expected. But it is as well to remember that they were exciting and that they were risky, for otherwise one may lose all sense of proportion in applying the achievements of this Air Race to practical commercial aviation. Already we have the aftermath of it all in fierce criticism of plans for our own Empire Air Route and sneers and jeers at Governments and established air lines

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for their lack of enterprise and speed. I agree that it is a good thing that public opinion should be concentrated on the importance and the possibility of speed, but I say quite definitely that there is far too much inclination to lead the ignorant public to expect and demand from commercial aviation performances that can only be attended by risks that are not justified. I have in the past been looked on by some people as over-cautious and unreasonably opposed to those things called "stunts." I can only say that no one appreciates more than I do what pioneers have done for aviation—without them we could not progress. But while yielding to no one in that appreciation I also appreciate keenly the danger to the future sound development of aviation of leading the public to expect the flight that is a thrilling triumph to-day to be the commonplace of to-morrow. Looking back over a fairly long association with flying I see that its most serious troubles have come from trying just that bit too much that seems such a little risk. I do appreciate the wonderful flights of the "Comet" flown by Scott and Black, and the "Douglas" flown by Parmentier and Moll. From the point of view of commercial aviation the flight of the "Douglas" is particularly striking. But it does not detract from those efforts to say that they took risks—risks that under the circumstances were unavoidable, but definitely risks that must be eliminated from regular commercial aviation.

It is proved beyond doubt that to-day there are available aeroplanes capable of carrying passengers and mails at a cruising speed of 200 miles an hour or thereabouts. That has come as a shock to many Australians. To those who know something of the advances that have been made in the Transcontinental Air Routes in America, it is not such a shock. It does not follow that, because there are such machines and because they have flown at that speed from England to Australia, it is immediately practicable or economically possible to operate a commercial Air Service between the two countries in times comparable to those racing times.

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The England-Australia air route is by far the longest and most arduous that has yet been undertaken as a commercial proposition. Not the least difficult and dangerous part of that route is within our own continent, where many a pilot who has successfully flown the rest of the route has encountered serious difficulties. We must not forget that splendid aeroplanes and pilots are not alone sufficient to make a commercial air service. They are essential to success, but the greatest factor in the successful operation of commercial aircraft is the ground organisation. Without the essential facilities of main and intermediate landing grounds, night flying beacons, efficient aerodrome lighting, highly organised weather forecasting and information, radio communications and directional aids, it is impossible to operate any service with reasonable safety. It is in these things that immense organisation is required to make any regular route reasonably safe, and even given these facilities I still believe that night flying will not appeal to passengers yet.

As far as speed is concerned, it is certainly available, but in Aircraft, as in every other form of transport, very high speed means very much higher equipment cost and operating cost—a factor which is very easily overlooked. These and many other considerations enter into the planning of any air service and particularly into such a very big undertaking as the Empire Airway. The first and most important consideration is safety and regularity. It is easy enough to lay down a time table that will be all right so long as your luck holds and all goes well, but I believe that the soundest and sanest policy is to set yourself a task that you are quite sure you can carry out successfully and then gradually improve on it as experience is gained. We must not forget that there is not one major airway either in our own Empire or in America or even the famous Dutch Colonial Air Service that can operate to-day without a heavy Government subsidy, direct or indirect. If we are to succeed in eventually building our Empire airways

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into sound self-supporting commercial undertakings we must build on secure foundations and with reasonable caution.

I do not say that we should not avail ourselves of every improvement in aircraft performance, or that we must set ourselves an obsolete standard, but I do say that we must realise that there are many factors to be considered in addition to the burning topic of speed. It is probably true that if Australia and England want a 200-mile-an-hour service to-day they can get it at a price—and the good old taxpayer will have to pay it in the end. I believe that every effort should be made to ensure that our Empire Airway is fast and efficient and though I have no doubt that most of us will live to be able to spend in England a fortnight out of a three weeks' holiday, I am quite sure it won't happen for a while yet.

At any rate, I for one am sufficiently alive to the risks involved to decline the opportunity if it were offered to me!

Perhaps you may think I am a bit of a pessimist and getting unreasonably old and cautious, but I don't think my advocacy of aviation has in the past suffered through my faith in it leading me to promise too much or to minimise its dangers. I am a little cynical perhaps about these intense waves of enthusiasm in aviation—I remember that quite a number of hard-headed business men in this country had subscribed for shares in a Company called Sydney-London Aerial Services Ltd.—I think—before even Ross Smith had started his flight! But each wave of enthusiasm, as it washes back, leaves the mark of progress a little higher than the last, and though everything we expect doesn't come immediately we are an appreciable bit nearer than before. The Air Race has without doubt been a great and striking event in the history of aviation in this country. It has done great good in re-awakening public enthusiasm for aviation, and it has undoubtedly shown

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further possibilities of progress. If it is regarded in proper perspective it has been of definite service to aviation.

We must only be careful not to regard it as a standard of achievement immediately attainable in commercial aviation, lest it delude us into attempting something just beyond the margin of reasonable safety.

—GEOFFREY FORREST HUGHES.

THE CENSORSHIP AND EXCLUSION OF IDEAS

By F. R. BEASLEY.

On 9th February, 1933, the Oxford Union passed its memorable resolution "That this House will in no circumstances fight for its King and Country." Such a motion invited public comment, which it quickly received. It was approved by the radical press and by known pacifists; it aroused intense antagonism in other quarters. One critic concluded a disparaging letter to the "Daily Telegraph" with this illuminating sentence: "Free speech is excellent, but when it takes such a form as this it deserves to be drastically and immediately dealt with."

Freedom of speech is excellent so long as the speaker takes care to express colourless views acceptable to his audience or to his critics; but if he shows signs of disagreeing with their opinions, it is only another instance of the liberty which ought to be preserved degenerating into the licence which ought to be suppressed. Toleration means toleration of the things and ideas of which we already approve, not of those which we instinctively or irrationally dislike.

It is such a travesty of free speech which exists to-day in dictator-ridden Europe. Communist Russia sanctions criticism up to a point; the individual or the group is allowed and even encouraged to draw attention to defects in the administrative or industrial machine. But the critic must limit his criticisms to matters of detail; he must not even suggest that the plan is ill-conceived, that there may be preferable alternatives to the Russian system of state capitalism, unless he

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wants to be stigmatised as a counter-revolutionary and to attract to himself the unwelcome attentions of the O.G.P.U.—or whatever else the inquisition now prefers to call itself. Fascist Italy demands an unstinted loyalty to the Corporative State; no matter that the Corporative State still remains a gaunt skeleton, without a vestige of flesh to give it the appearance of life, the Italian must bow down and worship. Nazi Germany elevates hero-worship into a State religion; to cast doubts upon the efficiency of Hitler as a miracle-worker is to incur the charge of the most deadly of sins, political heresy. In Austria the private army of the Chancellor of the moment determines what it is lawful for the citizen to think and say; and the citizen must take heed that he does not utter unorthodoxy even in his sleep.

Freedom of speech which is a reality and not a mockery is of the essence of democracy, which postulates the consent of the governed; a consent that is revealed not at triennial intervals, when heads are counted or votes are registered, but by the constant and unfettered expression and circulation of the opinion of individuals and groups. Not the least of our forefathers' grievances against Charles I was his attempt to deny to Parliament the right to criticise, even in the most temperate and loyal language, the royal administration; and—a perpetual reminder of the victory of freedom over autocracy—to this day the Speaker makes solemn claim to the privilege of free speech. But Parliament, having gained for itself the right to speak its version of the truth without fear or favour, in season and out of season, was slow to concede a similar right to those whom it claimed to represent. The Licensing Acts and the names of Wilkes and Bradlaugh are but a few of the landmarks in the journey towards freedom of speech outside the precincts of Parliament.

The 19th century cult of *laissez faire*, the apotheosis of individualism, could not with consistency combine a demand for freedom in industry and commerce with a denial

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of liberty to the expression of human thought. There was, it was found, little enough danger in conceding freedom of speech; the masses were not only inarticulate, they were still for the most part content to remain in the station of life to which Providence had been pleased to call them. If any did so far forget themselves as to speak out of their turn, the economic power of landlord or employer was sufficient to prevent any repetition of the offence. It was, therefore, quite safe to allow Marx to have ready access to the British Museum and to give him every opportunity to collate the material necessary for his impending attack on "Capital." The masses would have little chance of reading his message, and if they did they would not understand it. Nor for that matter would the majority of the new middle class, who were too busy performing industrial miracles to have any time to read the vapourings of a misguided theorist who suffered from the added defect of being a foreigner. The intellectuals might study the new doctrine, possibly without profit to themselves, certainly without harm to others; for it takes generations and sometimes centuries for the leaven of intellectualism to permeate the hard mass of national consciousness. "The tendency to rest in what has proved safe is stronger by far than the adventurous impulse to launch out upon the new and the unknown."¹ But when some of the intellectuals, repelled by the sordid materialism of Marx but equally discontented by the sordid materialism of individualism, began to draw up plans of social reform, they were careful to avoid shocking public opinion by calling themselves Fabians or by some other name equally unintelligible to the general.

Thus freedom of speech came to be conceded, as it were, by default; far from being dangerous, it was a useful safety valve for letting off political steam. It even survived the Boer War; amidst the somewhat raucous cries of an often unintelligent and uninformed patriotism, a few raised their voices in defence of the Boers and suffered no worse penalty

¹J. Murphy, "Primitive Man; His Essential Quest," 83.

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than a temporary social ostracism. But greater dangers were in store. When war on the grand scale arrived, when every phase of national life and activity was given a new orientation towards the successful prosecution of hostilities, it was out of the question to allow the dissentient few to oppose the right-thinking many or to cast doubts upon the morality of the nation's cause. There was no interference with freedom of speech so long as it said the right thing; but if it showed signs of saying the wrong thing, it was "drastically and immediately dealt with." The conscientious objector, struggling with the conflicting emotions of loyalty to humanity and loyalty to one small section of it, received short shrift; and the populace vociferously applauded.

This war-time legacy of suppression, far from being dissipated in the saner moments of peace, seems to be suffering from elephantiasis. The war which was to have made the world safe for democracy placed authority more firmly in the saddle; the world was in danger of forgetting—or of not being allowed to remember—that democracy lives by persuasion, not by dictation. The war was to make the world a place fit for heroes to live in; but the heroes were quickly forgotten when their services were no longer required. Being drawn largely from the hitherto inarticulate masses, they did what the intellectuals had never been able to achieve; they helped, perhaps quite unconsciously, to spread a vague dissatisfaction, an instinctive suspicion that the promises of Utopia were only the same old piecrust after all. But this suspicion was lulled almost as soon as it was aroused; the fictitious prosperity which immediately followed the war lent colour to the predictions of a better time for everybody. Nevertheless, during the transition from war to peace, governments which had enjoyed almost unlimited powers during the hostilities were reluctant to relinquish them, and for the most part merely put them into cold storage so that they would be quickly available when the next emergency arose.

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Such a catastrophe as a world war, involving an unprecedented expenditure of men, munitions, and money, was certain to leave untouched no corner of national life. Political principles that had been thought immutable had to be hastily abandoned; social conventions, accepted standards of morality, all went into the melting pot; the diversion of industry from construction to destruction, the accumulation of international debts, the continuance of the war-time autarky of many of the belligerents, presented problems of an unparalleled magnitude. But most governments thought it possible to continue in 1919 where they had broken off in 1914, to ignore the intervening cataclysm; they were prepared to draw a moral from the war only for the purpose of devoting their increased powers to the restoration of the status quo in the political, economic, and social life of the community. Hence they looked with the utmost suspicion on anything that they regarded as unconventional; and as the unconventional became more vocal, so did governmental opposition stiffen.

Russia alone made a pretence of breaking completely with the past; but the pseudo-communist regime was quite content to take over many of the worst repressive features of the system it had replaced. Impoverished Italy experimented with workers' control of stagnant or moribund industries; its very ineptitude invited a reaction which was shrewd enough to dissociate itself from the past by giving itself the new title of fascism—fascism, with its demolition by dictatorial decree of class antagonisms and its obviously inconsistent crystallisation of existing social strata. Even British peoples did not escape contagion; they had lost the savour* of the liberties which had been taken away or severely circumscribed during the war, and were more ready than they had been for many decades to tolerate insidious encroachments on freedom of thought and speech. The dissemination of reformist views was quite harmless so long as they were nowhere put into practice; but when Russia experimented with radicalism, governments began to take alarm and to penalise unorthodoxy wherever it raised its

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head, blissfully ignorant that communism as practised in Russia would have made Karl Marx turn in his grave. The most effective retort to Russian propaganda would have been to encourage comparison of communist precept and communist practice; but governments chose the more obvious and time-honoured way of meeting the enemy with abuse instead of argument.

The simplest method of preventing inconvenient discussion of dangerous topics is to put them into permanent quarantine so that the citizen cannot come into contact with them. To inoculate him with argument would be a better precaution; but it would involve more trouble and expense, and the prophylactic serum might not take. Hence the censorship of literature that might undermine the citizen's morals or his political rectitude, and the exclusion of individuals suspected of lacking reverence for orthodoxy. If uniformity of belief is the object, there might be something to be said for excluding the unusual in speech or writing; but such methods only succeed in defeating their own ends. Some departmental or ministerial Poohbah vetoes a book or an individual; the latter may be forcibly restrained from seducing us from the path of virtue, but his ideas have none the less received a gratuitous advertisement of which on their merits they may be entirely unworthy. Curiosity is whetted, not lulled, by the ban. But a book cannot be treated as a prohibited immigrant; it laughs at the barriers imposed by authority. There is never the slightest difficulty in obtaining any one of the books which authority in its wisdom has placed on the index expurgatorius; the mere fact that a book has been banned is usually sufficient to guarantee to it the circulation of a best seller. To prevent the possession or the reading of a banned book, it would be necessary to swear in every member of the community as a special constable. If authority cannot enforce its decrees, it were wiser not to issue them.

The censorship makes itself still more ridiculous by its vagaries. It is difficult to understand the mentality

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which rejects such an imaginative and intelligent fantasy as Aldous Huxley's "Brave New World," and either connives at or ignores the introduction of reams of printed pages which have nothing but an audacious salacity to recommend them to the morons among the reading public. To make every book run the gauntlet of the early Victorian prudery and prejudice of the censorship would require a government department of colossal size; most books have already done the damage of which they may be capable long before Rip van Winkle the censor has emerged from his slumbers.

There are more serious objections to censorship and exclusion than their inefficiency and their stupidity; the attempt to dictate to the citizen what he may read and think raises wider issues. The electors, convinced or gulled by the promises of the politicians, give to one or another party a three-years lease of political power; do they give to the winning side a mandate to substitute its judgment for that of the electorate in all things? It is a commonplace that one of the greatest defects of present-day democracy is the power of the party machine, which is almost invariably able to prevent the election of any independent candidate and has thus produced opposing trainbands of political automata. On all sides there are complaints that the standards of parliamentary intelligence and conduct are rapidly deteriorating; yet it is to these very politicians whom we profess to condemn that we are to entrust the well-being of our minds. Moreover, what is sauce for the goose is sauce for the gander; and if a government of the Right excludes anything emanating from the Left, a government of the Left must be equally entitled to ban anything that savours of the Right. In the result, the plain citizen must be prepared to trim his intellectual sails to suit the prevalent political breeze. What is heterodox to-day will become orthodox to-morrow; and on the following day it will once more be heresy.

The gospel that man must devote himself to unremitting toil in order that he may live has been seriously weak-

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ened by the paradox of the simultaneity of widespread unemployment and potential plenty. To have suggested to our grandfathers that leisure may be preferable to work would have seemed to them little short of blasphemous; but there is a growing school of thought which affirms that it is physically possible to perform the world's work with a less expenditure of human labour time than is to-day the norm. Unless this assertion is absolutely groundless, the "Leisure State" may not be very far distant; but if that is to be the future of human society, it raises a question of vital importance, How do we propose to use that leisure? There are many who hope that a great deal of that leisure will be taken up by education in the widest sense, by giving to every member of society the opportunity, the means, and the stimulus to achieve a full life. Shall we then seek to canalise men's minds at the behest of the dominant political majority of the moment? Or shall we remove the obstacles to that freedom of thought and of discussion from which alone truth can emerge?

"The assault upon political free thought and upon the free expression and organisation of opposing views not merely sterilises political progress. It paralyses personality by presenting shut doors to the exploring mind."

"Intolerance of opposition, though seeming to imply an absolute self-confidence in those who practise it, frequently implies distrust. If I am sure that I am right, I shall prefer to make my truth prevail by exposing the falsehood of other claims rather than by refusing them utterance. For it is safer to convince in free controversy than to leave a falsehood festering in the minds of others and fed by the grievance of enforced repression."²

Which path shall Australia take towards the goal of truth?

—F. R. BEASLEY.

²J. A. Hobson, "Democracy," 71.

AUSTRALIA AND TREATY-MAKING

By **ALFRED STIRLING.**

It is frequently said that the treaty-making power is inherent in Dominion Status, but to see its beginnings one must go back, long before the Peace Conference of 1919, to the early days of colonial responsible government.

Starting with the Durham Commission in 1839, when the principle of colonial responsible government, in that case for Canada, was first accepted by British Ministers, there was then no questioning, save by a small group of Canadian Radicals, of the idea that the control of all relations between a colony and other countries should reside wholly in the British government. The first step in the direction of colonial control of treaty relations was taken in 1855, when Labouchere, then Colonial Secretary, undertook that Newfoundland should not be subjected by the British government to any "obligations," until it had first been consulted—and treaty arrangements with France were dropped both then and later, because of Newfoundland's objections. This consultation was understood as applying not merely to Newfoundland but to all the colonies, and as covering both the main groups of treaties—classified by their subject matter—political as well as commercial agreements. On the other hand, no very wide interpretation was put on the term "obligations" until the Great War, or, strictly speaking, until the eve of the War, the Imperial Conference of 1911, when there was consultation on the renewal of the Anglo-Japanese Alliance.

The Dominion treaty-making power is first seen in rudimentary form in the commercial rather than the political sphere. During the 'fifties the British Government thought

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that Great Britain and her colonies should have a uniform commercial policy, the policy of Free Trade adopted in 1846, and the responsible government achieved by the colonies in the late 'forties and the 'fifties did not at first include the right to draw up their own tariffs. Canada led the resistance in this direction and in 1859 won tariff autonomy, the right to a tariff not only for revenue but for the protection of industry. As for the Australasian colonies, though allowed in 1850 to enact tariffs, they were still restrained by their constitutions from imposing differential duties on other British territories or foreign countries or from imposing duties contrary to British treaties.

The next step was the negotiation by the colonies of their own commercial agreements, for in exercising control over fiscal matters a power to negotiate is implied. The right was definitely recognised in 1884. At first the colonies requested Great Britain to negotiate separate commercial treaties for them. Then they took part in the negotiations themselves in conjunction with representatives of the British Government. Later, in 1907, when negotiations for a trade agreement between Canada and France were pending, an important precedent was established by a letter from Sir Edward Grey, then Foreign Secretary, to the British Charge d'Affaires at Paris. "The selection of the negotiator," he said, "is principally a matter of convenience, and, in the present circumstances, it will obviously be more practical that the negotiations should be left to Sir Wilfrid Laurier and the Canadian Minister of Finance, who will doubtless keep you informed of their progress." Thus it was provided that Dominion Ministers, duly authorised by the Crown on the advice of the Dominion and British governments, might negotiate treaties alone, though signature had still to be effected jointly with the British diplomatic representatives in the country concerned. Ten years earlier such a practice would have been unthinkable, and yet it was established successfully, in the simplest possible way. Eventually, in 1923, we find Dominion

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Ministers not merely negotiating, but even signing, a treaty alone.

So much for the development of the colonies' own agreements, but what was the effect upon the colonies of those negotiated by the British government? Up to the 'seventies the colonies were bound, automatically, by the treaties of the British Government, but in 1877 it was agreed that in future all treaties of a commercial nature should provide that the colonies were not to be bound unless they gave separate adherence. In the late 'nineties this right of contracting-in was supplemented by the right of contracting-out, when the British Government began to provide in all its new commercial treaties, and even to secure in some of those already existing, a right for a colony to withdraw separately, on giving say twelve months' notice, without affecting the continuity of the treaty for the rest. The right of withdrawal is first found in the Uruguay Convention of 1899; it only applied to commercial, not to political, treaties.

The Commonwealth, when it came into existence in 1900, had to take on the treaty obligations already incurred by the Australian colonies. One instance was that of Queensland and Japan. Queensland, by reason of its Pacific position precociously vigorous in external affairs, had, alone of the colonies, adhered to the Anglo-Japanese Convention of 1894. In 1908 the Commonwealth Government requested the termination of the obligations arising from Queensland's adherence. Till 1914, the Commonwealth's policy was to free itself from existing commercial obligations, and to remain free. It did not, for example, adhere to the Anglo-Japanese Commercial Treaty of 1911, and it exercised the right of withdrawal from nearly all the general treaties of commerce and navigation. One notable exception was the Anglo-Italian agreement of 1883 providing for the free settlement of Italians in the colonies, from which the Commonwealth tried to withdraw separately in 1909. The British Government sought to open negotiations, but Italy refused to consider the matter.

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After 1918 there was no reversal of policy, and the Commonwealth withheld from the post-war general commercial treaties of the Imperial government.

The first general conclusion one may reach about the treaty-making power is that it arose from fiscal autonomy. It will be seen that it gradually extended out of the commercial and technical, into the political, sphere. The second feature is the ever-increasing tendency to leave the existing British diplomatic channels for the Dominions' own.

Dominion separate participation in political treaties dates from after the war. Speaking in 1912 of the pre-war political treaties such as the Anglo-French Treaty of 1904, the Algeciras Act of 1906, etc., Professor Berriedale Keith said "no attempt has been made, nor could any attempt be made, to permit separate adhesion on the part of the Dominions."

Immediately after the war the Dominion governments, led by Sir Robert Borden and Mr. W. M. Hughes, urged and obtained, not only separate Dominion representation at the Peace Conference, but also a right claimed to be inherent in this new Dominion status, the right of separate signature of the resultant Treaty. This necessitated a change in the "full power," the instrument issued to the plenipotentiary who signs a treaty. Words were inserted into the full powers of the Dominion plenipotentiaries—"We appoint him Our plenipotentiary **in respect of Our Dominion of Australia**"—which restricted their authority to signing on behalf of their own particular Dominion, instead of generally on the King's behalf.

The next stage was the inception of the practice by which a treaty imposing obligations on one Dominion only should be signed by a plenipotentiary acting on behalf of that part.

Up till 1923, as stated before, it had been the custom for a treaty relating wholly to a Dominion always to be signed by a British Minister or diplomatic representative,

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even if it were signed by a representative of the Dominion as well (although long prior to this Dominion representatives had negotiated and signed alone certain **informal** agreements, e.g., Australia-Japan 1904). From the time of his attaining office in 1921, Mr. Mackenzie King in Canada worked steadily towards this position. In 1923 Canada through Mr. Lapointe, its Minister of Marines and Fisheries, negotiated with the United States a treaty regulating the Halibut fishery, and asked that it be signed by its representative alone, without the additional signature of the British Ambassador in the United States. Great Britain hesitated, but, realising that, with the existence of the new Dominion status, she herself was not in a position to guarantee the execution of the treaty, she agreed that it was better to let the Canadian signature stand alone. The circumstances of this Halibut Treaty, as it was known, led to a review of the whole subject of Dominion treaty-making.

By this time the other side had to be considered. What were foreign powers, anxious to negotiate a treaty, to do? They did not want to negotiate with Great Britain and also with the six Dominions at once. Again, how could they tell whether the treaty affected the whole Empire or one Dominion alone? The question was examined by the Imperial Conference of 1923 and the conclusions reached were grouped under three heads.

1. Negotiations:—

- (a) It was desirable that no Dominion Government should negotiate a treaty without due consideration of its possible effects on other parts of the Empire.
- (b) Before opening treaty negotiations steps should be taken to ensure that governments of other parts of the Empire likely to be interested are informed, so that the other parts may express their views or participate in the negotiations.

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- (c) Where more than one of the governments of the Empire participates there should be the fullest possible exchange of views before and during the negotiations.
- (d) Steps should be taken to ensure that governments of other parts of the Empire not participating in the negotiations should be kept informed in regard to any points arising in which they may be interested.

The 1926 Imperial Conference amplified one point under (b)—When a government receives information of the intention of another government to negotiate, it should indicate its attitude with reasonable promptness. So long as the initiating government receives no adverse comments, and so long as its policy involves no active obligations by the other governments, it may go ahead. But, where its action might involve the other governments in any active obligation, it must obtain their definite assent.

In actual fact, no Dominion has ever entered into a political treaty involving obligations on that Dominion alone (i.e., a bilateral treaty). As far as Australia is concerned, negotiation of a bilateral agreement with a foreign power would fall on His Majesty's Government in the Commonwealth, the Government nominating a plenipotentiary to whom the King, on the advice of the Commonwealth Government, would issue full powers. He might be an Australian Cabinet Minister, a special delegate, or a British diplomatist acting at Australia's request.

2. Signature.

- (a) The 1923 Conference gave formal recognition to the practice begun by the Halibut Treaty, where one part of the Empire only incurred obligations, of signature only by a plenipotentiary acting on behalf of that part.

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- (b) Where a treaty with a foreign State imposed obligations on more than one part of the Empire it was laid down that it was to be signed "by one or more plenipotentiaries on behalf of all the governments concerned."

This might have been interpreted to mean that the plenipotentiary of the government in Great Britain should sign on behalf of all—which would have been inconsistent with the principle that the full power issued by the King authorising signature for any particular part of the Empire is issued on the advice of the appropriate government. The 1926 Conference clarified the matter. Each part of the Empire bound by the treaty is to figure in the preamble and a signature is to be affixed by a plenipotentiary bound to act on its behalf. There may of course still be one plenipotentiary only, authorised to act on behalf of each part of the Empire (and, apparently, his authority might be conveyed in one full power, provided it set out the different parts of the Empire for whom it was issued).

3. Ratification.

With regard to Ratification, the practice is that the King acts, on the advice of his Ministers, in the part of the Empire bound by the Treaty. Professor Keith in 1928 still asserted that, notwithstanding the resolutions with regard to treaties of the Imperial Conferences, it remained true that no treaty proper could be concluded save under full powers granted by the King on the advice of the Imperial Government, however faithfully that Government might follow the advice of the Dominion government, and that no treaty could become operative without the ratification of the King, again accorded on the advice of the Imperial government, formally signed by the counter-signature of the Foreign Secretary to the essential instruments. This view, strenuously countered by Mr. P. J. Noel Baker, was replaced in 1933 by the statement that the responsibility for advising ratification rests with the **Dominion** government.

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Plenipotentiaries have long been appointed under the Great Seal of the Realm, and to have their full powers ratified by the King using the Great Seal a British Minister must intervene to authorise its use. In 1931 the Irish Free State took an important step when Mr. McGilligan, Minister for External Affairs, visited the King and obtained approval of the Free State's having its own Seal, a practice which was followed by South Africa in 1933. Apart from eliminating the mere time factor, the use of a Dominion Seal removes the British Government's power of ensuring consideration of proposed Dominion action. There is still, however, the rule of consultation adopted in 1923, though it has no legal sanction.

Even in the case of the Irish Free State the King is still the formal source of the treaty-making power. It has not been delegated, along with other prerogative rights, to the Governors-General. Professor Keith stated in 1933, "there is nothing essentially necessary in the withholding of the power to conclude commercial treaties and minor arrangements," and Mr. Noel Baker has pointed out one minor instance in the case of Australia, the ratification in 1925 of an International Labour Convention with regard to employment for seamen, which was by an order-in-council signed by the Governor-General.

Professor Berriedale Keith stated in 1928 his view that ratification, in principle, can be expressed by the government without parliamentary sanction. The fact that the Locarno Pact, concluded by Great Britain, gives the power of ratifying not to the parliaments but the governments of the Dominion, is, in his opinion, "significant of the existence and vitality of the sole power of the executive to conclude treaties." "On the other hand," he adds, "it is perfectly clear that no Dominion could accept such an obligation without sanction from Parliament." Australia has adopted the practice of submitting all the great multi-lateral political treaties to Parliament, although in minor cases the obtaining of a resolution or the passing of Orders

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in Council in favour of ratification has been used. Most of the Dominions have preferred to get the consent of Parliament even before signature of the treaty, but not in every case. For instance, in 1928 the Commonwealth Government indicated that it would accept the Kellogg-Briand Pact while Parliament was in recess.

Although it is an established principle of British constitutional law that the Crown has full power to negotiate and conclude treaties, there are at least two important limitations. First, it cannot change the law of the land (*The Parlement Belge* 1879), and, second, it cannot tax without the assent of parliament. The limitation on taxation was set up by the Long Parliament, when it annulled the decision in *Bates's case* of 1606 in which the Crown had tried to impose customs duties on currants from the Levant merely by letters patent. The nature of the executive power of the Commonwealth has been considered in the case of *The Commonwealth v. Colonial Combing, Spinning and Weaving Co. Ltd.* (31 C.L.R. 421).

The Commonwealth parliament's power to deal with "external affairs" (Sec. 51 XXIX of the Constitution) has been described by Sir William Harrison Moore as "of all its powers that which is the least capable of definition." In Canada Section 132 of the British North America Act confers on the Dominion parliament and government all necessary power to implement the obligations of Canada, or any province, under Imperial treaties, and this is held to apply now to all treaties made by the Dominion. In Australia the words "and treaties" were included in the drafts of 1891 and 1897 and then, on the suggestion of the Legislative Council of New South Wales, were dropped, though Alfred Deakin in 1902 argued that their omission had no effect. There is also a power to deal with "aliens" (Sec. 51, s.s. XIX), and the High Court has original jurisdiction in matters arising under any treaty (Sec. 75 i), Mr. J. G. Latham, in "Australia and the British Commonwealth," supports the view that the provisions of the

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Constitution give full powers with regard to treaty-making to the Commonwealth parliament, and that they enable the parliament to confer extensive powers on the executive government.

Another question relating to the treaty-power arises from Australia's federal character. The Commonwealth parliament's power to legislate with regard to external affairs is still undefined by the High Court, and it is a question whether, where a treaty touches on matters which have not been specifically given to the Commonwealth, the States must legislate to put it into effect. This has arisen in connection with the acceptance of the International Labour Office recommendations. The Commonwealth has undertaken merely an obligation to forward the proposals to the States and reports to the International Labour Office as to what action, if any, they are taking.

Another question is: what is the nature, in international law, of an agreement between two parts of the Empire? Can it be, in international law, a treaty? The Irish Free State has taken the stand that it can be, and it registered its 1922 Treaty with Great Britain at the League of Nations Secretariat. Professor Berriedale Keith has always denied that such agreements can be treaties proper. One very important result of the Ottawa Conference of 1932 was the resolution that Inter-Imperial preferences must be maintained apart from treaty relations—that no treaty obligations which the Dominions might enter into in the future should be allowed to interfere with any mutual preferences which the governments of the Empire might decide to grant. This strengthens considerably the older theory of Empire relations.

Another principle long asserted by Professor Keith was that a treaty concluded by the King on the advice only of the Imperial government yet binds the whole Empire, unless its operation is strictly expressed to be local in effect.

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"The autonomy of the Dominions is merely a matter of internal concern," he said, while stressing at the same time that it is an essential part of the constitutional understandings in the Empire that the Dominions should never be bound to save with their own consent. More recently Professor Keith has stated the narrower principle that there is "a right of the Crown, on the advice of British Ministers, not to impose obligations on the Empire, but to secure for them advantages." Presumably an Australian must, as a British subject, be entitled, for example, to all the privileges given to British subjects by the Anglo-Japanese Treaty of 1911, although the Commonwealth has not adhered to the treaty. Irish Free State Ministers, however, have denied to Great Britain the right even to secure advantages for their Dominion.

Australia has of all the Dominions been hitherto the one least concerned with the exercise of the treaty-making power. Canada set the pace from the outset, and since then has been closely followed, if not outstripped, by those Dominions whom Mr. W. M. Hughes once described as "the late comers to the table of Empire." Australian treaties, or agreements in the nature of treaties, have been of four classes:—

1. Two series of Immigration Agreements:—

- (a) 1904. An agreement with Japan that the education test under the Immigration Acts should not be administered to certain classes of persons—merchants, tourists, students—who held passports in proper form. These persons could remain in Australia for a year, and could, in certain cases, apply for an extension. The procedure adopted was quite informal. After preliminary correspondence Mr. Hughes, then Minister for External Affairs, wrote to the Japanese Consul-General in Sydney saying that the Commonwealth Government had decided to admit the

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three classes of persons without restrictions and asking him to communicate with his Government. The Commonwealth Government then cabled the Japanese Government and it replied that he was authorised to accept the terms of the Minister's letter. Though binding, and enduring, it was no more a formal "treaty" than the Queensland Government's arrangements for the limitation of emigration from Japan to Queensland in 1900. Simultaneously there was an exchange of notes with India, followed by agreements with China, Hong Kong, Straits Settlements, Siam, Annam, Egypt, Hawaii and the Philippines.

- (b) 1924-5. A series of immigration restriction agreements with Southern European governments, Italy, Greece, Yugoslavia, Malta and others, by which they undertook not to issue passports save within an agreed monthly number.

2. Pre-War Technical Non-commercial Treaties.

Australia even before the war figured independently along with all other Dominions in technical (non-commercial) agreements as well as commercial treaties. For many years she had figured as a separate party in postal conventions. In the Radio Telegraphic Convention of 1912 Australia and the rest participated as separate entities, and in 1913, in the Convention for insuring the safety of life at sea, the Dominions, though grouped in the preamble with the United Kingdom, had their separate plenipotentiaries set out. The distinction became clearly recognised between treaties *stricto sensu*, negotiated under full powers from the King and ratified by the King, and those concluded, usually on administrative or technical matters, by repre-

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sentatives of the governments concerned, in which case they did not act under full powers and the agreements were not ratified by the King, though in some cases they were subject to confirmation in one form or another by the governments. This distinction was given formal recognition by the Treaty resolutions of the 1923 Imperial Conference and it was recommended that in the case of these technical agreements, the government concerned should take pains to ascertain whether any other governments were interested in the subject matter.

3. Post-War Multilateral Political Treaties.

Among the most important are the Peace Treaties 1919-20, the Washington Agreement, the Lausanne Reparations Agreements (ratified by Australia though not separately signed), the Chemical Warfare Protocol 1925, the Kellogg Pact 1928, the Optional Clause of Statute of World Court, the London Naval Treaty and the Lausanne Reparations Agreement.

4. Trade Agreements.

Commercial agreements were negotiated by the colonies, with the co-operation of the British government, from 1884 onwards. Though often referred to as treaties, the term is not correctly used. Canada's trade agreement with France 1907 was however a treaty power.

The Commonwealth's first trade agreement was with the South African Customs Union in 1906, which lasted until 1926. A Customs Tariff Act was passed under which preferential rates were given to certain South African goods. In 1908 came preference for Great Britain. The Tariff Act of 1921 empowered the Minister for Customs to enter into reciprocal agreements (British preferential or

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Intermediate tariff) with other Dominions, and also (Intermediate tariff only) with foreign countries, in every case subject to each House agreeing by resolution. Next year an agreement was entered into with New Zealand, supplemented in 1926, and in 1925 an agreement with Canada, renewed in 1931 and again in 1933. In 1932 the Ottawa Trade Agreement was concluded with Great Britain. Meanwhile, Australia remained the one Dominion which had not entered into a trade treaty with a foreign country, while New Zealand, less disposed even than Australia to break new ground in the territory of external affairs, in 1928 concluded a treaty with Japan to improve the position of her butter exporters. On the 21st November of this year the Commonwealth Minister for Customs announced the terms of a provisional trade agreement with Belgium, in the form of an exchange of notes between himself and the Consul-General for Belgium in Australia, by which, in return for permission to import a limited quantity of Belgian window glass annually, the Belgian government agreed to remove restrictions on Australian frozen meat and to withdraw the threatened embargo on Australian cereals.

This first trade treaty with a foreign country is the latest manifestation of Australia's treaty-making power. If one thing stands out more than another from a survey of the development of this power in the Dominions, it must surely be that each step before it was taken seemed almost impossible of reconciliation with the maintenance of Empire unity. As Mr. Noel Baker has put it, "the Dominion statesmen had to prove step by step that in truth there could be 'no limits to freedom', and that the only true union among civilised and democratic peoples lay in the unrestricted liberty both of their institutions and of their relations with each other and with the world."

—ALFRED STIRLING.

RURAL EMPLOYMENT FOR BOYS

By CAPTAIN FRED AARONS.

In a State where the Metropolis contains half of the population and where the secondary industries look to the home market for almost the whole of their trade, sooner or later the urban population is bound to provide a surfeit of labour above the requirements of local industries. It is fairly safe to say that the unemployment problem in Sydney and Melbourne would have appeared as a pressing question before the end of 1940. Even without the intervention of a world-wide trade depression the downward trend of trade throughout the world made its impact upon the primary industries in true economic sequence, and the Australian public stood face to face with the first full sized crisis since 1892.

The direct effect upon employment is too recent an experience and need call for few comments except to refer to the manner in which it affected juvenile employment.

With the slowing down of urban industry, not only have adult workers been thrown idle, but youths who had served varying periods in factories, warehouses and shops were victims of retrenchment, while the thousands of lads leaving school were faced with an almost blank outlook.

In New South Wales some 35,000 lads finished school each year and, in the ordinary conditions existing after the grip of the crisis had tightened upon the economic life of the City, there was an immediate demand for practical means of alleviation, if the backwash of unemployed youth were to be diverted from the stagnation of idleness with its present and future menace to the social and economic life of the country.

Rural Employment for Boys

Although there were many men in Sydney who viewed with alarm the several dangerous aspects of juvenile unemployment, to the late Dr. Richard Arthur is due the credit of inaugurating the first step in the direction of an organised effort on behalf of the unemployed boy. At Dr. Arthur's suggestion a meeting of interested citizens was convened by the Hon. Joseph Jackson, Lord Mayor of Sydney. This gathering was representative of both city and country and social workers as well as city business men were in strong evidence. Mr. Jackson was no less earnest than Dr. Arthur and Canon Hammond.

As is usual in such gatherings, suggestions and plans were plentiful, but for the most part the Meeting could only be described as enthusiastic and willing. At the instance of Mr. Jackson, a preliminary committee was elected to investigate possible channels of juvenile employment. Dr. Arthur, as Chairman of the Committee and the writer of this article, the Honorary Secretary pro tem.

The Committee furnished its report in the succeeding March, and this report made it clear that rural employment was the most desirable objective. A permanent Committee was elected of which the new Lord Mayor (Sir Samuel Walder) became Chairman. Mr. Joseph Jackson, whose interest has never flagged, was selected Hon. Treasurer, and the writer was asked to undertake the administration of the organisation on account of his knowledge of country conditions and of his experience among youth in sport and military training.

The death of Dr. Arthur at about this time, deeply regretted as it was, acted as a spur to the concentrated efforts now existing. The first step taken was the making of a contact between the man on the land who could employ a city lad of the right stamp, and the boy who was ready and fit to go out to work for experience and wages with a farmer of the right stamp. This insistence upon type, in regard to both farmer and boy, has been the basic factor in the success of the "BOYS ON FARMS" Scheme.

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A start was made to bring about the contact by means of a simple circular letter sent to every dairy farmer on the North and South Coasts, in which expert judgment was placed at their service in the selection of boys and at the same time an appeal was made to their citizenship to help the splendid youth of the city to find healthy and productive works. Many boys had been, and were still being, trained on Government Farms and, by arrangement with the Departments concerned, these lads were included in the Scheme's appeal. The circular letter referred to was accompanied by a postcard upon which was set out a form of application to be filled in by the farmer according to his requirements. As the only funds available were the few guineas subscribed by members of the Committee, the Honorary Secretary sent the circulars and cards in bulk to the Managers of butter factories, who co-operated in distributing them among their suppliers. Meantime, by press and broadcast propaganda, lads were induced to present themselves for selection, and soon a stream of boys was in constant motion to and from "Eldon Chambers," 92b Pitt Street, Sydney. These offices had been handed over free of rent by Messrs. Richardson & Wrench, and they are still held under this most generous grant. The office furniture came in response to an appeal to Messrs. Beard Watson & Co. Ltd., while several of the leading printers and stationers donated material for the campaign among the farmers. The thousands of circulars and cards were enclosed by volunteers from the Model Business College.

It was under these happy auspices that the first ten thousand farmers in New South Wales learnt of the "BOYS ON FARMS" Scheme.

The first signs of response came in the shape of some three or four direct applications and a number of enquiries for "further particulars." By the end of the first month (May, 1932) 26 boys has been sent out to jobs. This number steadily increased each month and, by the end of the

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year, about 60 lads per month had been found work with approved farmers and graziers. The Graziers had been brought under the Scheme and at the beginning of 1933 the wheat men also knew what was being done. In addition the Honorary Secretary had made several flying trips into the country in order to address meetings of farmers and graziers and to appoint reliable representatives in various centres who, acting as honorary advisers, would cull out the unsuitable employers of boys. It was realised, of course, that in order to ensure contentment and fair treatment for the lads, every precaution must be taken against sending lads to thoughtless or unreasonable men, for the Scheme's object has been to make the country the permanent habitat of the idle urban youth. As soon as an application for a lad is received its acknowledgement is sent out with a list of "Hints to Farmers" in which is outlined what the Scheme expects from the men on the land in relation to the boy sent to him.

As the lads present themselves for selection they are subjected to a close scrutiny both in respect to character and inclinations. If these are satisfactory their names and full descriptions are entered upon the register. They are then allotted to the various jobs according to their attributes and, after receiving verbal advice and encouragement from the Honorary Secretary, they are provided with a requisition for railway transport and with a letter of introduction to their employers. In addition, each lad is given written instructions and advice couched in friendly terms that are calculated to inspire in the boy a feeling that he is going out as a member of an organisation which will see to his welfare morally as well as materially. This written advice, which the boys call "The Twelve Commandments," contains guiding principles which will help him in his new calling.

Here are one or two of the precepts:—

"Be kind to all animals. Besides being cowardly it is silly to ill-treat animals because it reduces their

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values. A cow, for example, will go 'off' her milk if handled roughly, and a horse that has been ill-treated once will never be as good a servant as before.

"Be fearless in sticking to the truth. A liar is neither forgiven nor forgotten.

"Be respectful to all for whom age calls for respect; but, in particular, be respectful at all times to WOMEN and GIRLS.

"The two short cuts to happiness and settled life join one another as 'CAPITAL.' This 'CAPITAL' is composed of EXPERIENCE in your work and the MONEY you have saved. Therefore, get all the EXPERIENCE you can and save all the MONEY you can. The EXPERIENCE may be kept in your head, but the best place to keep your savings is in the nearest Government Savings Bank; and remember that every few pounds in the Bank represents a cow, or some sheep, to start your own Farm a few years hence when you have the necessary EXPERIENCE that I have already spoken of. Those two, 'MONEY' and 'EXPERIENCE,' make your 'CAPITAL' COMPLETE."

The lads are encouraged to keep in touch with the Honorary Secretary, and when their first letters reach him he sees that they are henceforward supplied regularly with periodicals and books. In this connection the "Bulletin," "Country Life," and the "Farmer & Settler" do splendid service in despatching large numbers of these journals weekly to the lads throughout the State while regular supplies of books of all kinds have helped to build up a circulating library of some thousands of volumes which go round among the boys.

By the generosity of the Director of Agriculture, who is a member of the Executive, each lad receives monthly a copy of the "Agricultural Gazette," whose valuable contents are appreciated by the older boys.

By arrangements with the State Government each boy receives a concession of one-third of the ordinary fare and

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is allowed a period of three months in which to refund the amount due to the Railways.

In this way has the "BOYS ON FARMS" Scheme steadily pushed its way into the social and economic life of the State. From the small beginnings mentioned above the Scheme has reached a point where the average despatch of lads to permanent rural work has reached the satisfactory figure of from 20 to 30 boys per week, and, indeed, at the present moment the demand for lads far exceeds the number available.

It is gratifying to realise that in the brief period under review over 2,000 lads have been taken from idleness in Sydney and Newcastle; many of these boys who had served several years of apprenticeship or training had been faced with a blank outlook when they came under this Scheme; many others were already on the brink of unsocial life when they came under the ken of the "BOYS ON FARMS" Scheme; but by far the greatest number were raw, untrained boys, whose futures would undoubtedly have been blasted for lack of opportunity. Of this 2,000 recruits to the new Young Yeomanry of New South Wales, many have already shown their enterprise and thrift in the proportions of their Savings Bank Accounts and in the manner in which they have been rewarded by their employers for their interest in their work. More surprising still is the fact that less than 5% of the boys sent out have returned to the City for one cause or another, and, while this fact speaks for the system of selection, it is a cogent denial of the supposition that the city boy in Australia will not take to country life.

So much for the first objective of the "BOYS ON FARMS" Scheme, in which definite achievement is manifested. The second objective, however, is drawing within sight, and this will receive the attention of the Committee in the coming year. This ulterior aim will be the securing of suitable land for those lads who by their thrift and

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diligence have shown that they will be capable of turning the experience they have gained to proper account upon their own small holdings. This second task will be far from easy, for it is involved in the question of unlocking to Closer Settlement some of the great areas of farming land that lie semi-developed within the "safe" region of the State.

During the latter half of the period of its activity the "BOYS ON FARMS" Scheme has received no support from any Government, but has carried its work along merely through dint of perseverance and the enthusiasm of a handful of citizens. Given the material and moral support that it deserves and which would enable it more efficiently to function, the "BOYS ON FARMS" Scheme would be able to train and despatch to productive work an ever-increasing number of city lads and thus not only help to balance the population of the State, but to save in ever-increasing numbers the lives of thousands of our citizens of to-morrow.

—F. AARONS.

FROM LANE TO LANG— THE EVOLUTION OF LABOR THEORY

By LLOYD ROSS

Labour theory is defined at the Labour Party Conferences in which Labor supporters have disported themselves for at least half a century. On these conferences three influences have been exerted—the economic conditions of Australia, the contacts with the world outside and the political situation. Pressure on space does not permit me to more than suggest the direction and result of the influences at different periods, but a comprehensive study of the evolution of Labor theory in Australia would have to be related very closely to the social environment.

I.—THE FORMATIVE NINETIES.

Between the period, when the gold diggers were absorbed in industry, to the economic crisis of the late "eighties," Australia enjoyed a period of rising, if occasionally irregular, progress. Land was cheap and plentiful. Workers found employment in the expanding public works. Skilled men were scarce and well paid. The demand for a shorter working week was quickly won. "Liberalism" or social reform through parliament was the prevailing social theory—if the opportunism of tariffs, restriction of migration, fear of the colored races, and land re-allocation justify the term "social theory." Syme had written a book criticising laissez-faire; John Stuart Mill had many admirers in Australia; Parkes had been a Chartist, but the divided, confused and small groups of workers, that were breaking away from the "Liberal" parties, had not found a name, an objective or a social theory.

The Nineties brought collapsing prices, speculation in land leading to a financial crash, banks failing, cessation of

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public borrowing and spending; reduced wages, strikes, unemployment both local and world-wide; exposures of sweating in the towns and of tyrannical conditions in the shearing industry, creating doubts whether the new world was really being won in Australia; Labor breaking away from the Liberal parties and ideas, setting up its own political parties, trying to achieve closer unity among the unions—and seeking for new ideas and new methods. The books being read included Carlyle's "Past and Present," Gronlund's "Co-operative Commonwealth," Ruskin's social writings, Disraeli's "Sybil," Olive Schreiner's "Story of an African Farm," and Bellamy's "Looking Backward."

Labor's first social generalization was the theory of land nationalization, demanded by the Third Trade Union Congress, which met in 1885, and by the Fourth in 1888. Labor at first believed that a "simple yet sovereign remedy" to cure all social ills was the abolition of all taxation save that on land values." Land hunger continued to play a part in forming Australian thought, but its application began to be limited politically to demands for breaking up large estates." Henry George's extreme laissez-faire ideas in industry and defence of capitalistic competition antagonised the worker, who wanted a theory explaining his industrial experiences. "Bellamyism" became the theory of Australian Labor. Published in 1887 in U.S.A., where it led to the formation of "Nationalist Clubs," and assisted the formation of the Society of Christian Socialists in 1889 and the Social Democratic Party of 1898, "Looking Backward" was carried to Australia and Great Britain, where it was read by thousands. A pioneer in the formation of the Australian Labor Party expressed the indebtedness of many to this Utopian novel, when he said, "How many times have I felt at a loss to explain the working of the co-operative commonwealth. Now I have only to say 'read "Looking Backward."'" It came as a revelation to those who had been stirred by the events of the "nineties," and who wanted both expression of their longings for freedom and a hope that peace and

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equality might be won. No other group, by occupation and mode of living, was more likely to accept Bellamy's lead than the Australian shearer, who found in William Lane a leader and a writer capable of applying Bellamyism to the local situation.

William Lane was very sensitive to the ills of society and very courageous in sacrificing himself and others for the removal of those ills. "Pilgrim's Progress," the Bible, "The Story of an African Farm," the more popular writings of Marx and stirring poetry provided him with ideas that he expressed in "The Boomerang," an independent radical journal, and in "The Worker," the first trade-union owned paper in the world. Lane believed in co-operation. Capitalism stood for the law of the jungle; Communism meant "being mates." He never clearly worked out his creed. His settlements in South America were attempts to illustrate for the world that "socialism," "co-operation" or "communism" could succeed in practice. He advocated interference by the community in economic life in ways that seem both too ambitious and too petty. He found inspiration in German socialism, English Fabianism and American Utopianism. But he persuaded the Labor Federation of Queensland to outline its aims, thus:

- (1) The Nationalisation of all sources of wealth and all means of producing and exchanging wealth.
- (2) The conducting by the State authority of all production and all exchange.
- (3) The pensioning by the State authority of all children, aged and invalid citizens.
- (4) The saving by the State authority of such proportion of the joint wealth production as may be requisite for instructing, maintaining and increasing national capital.
- (5) The maintenance by the State authority, from the joint wealth production, of all educational and sanitary institutions.

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- (6) The just division among all the citizens of the State of all wealth production, less only that part retained for public and common requirements.
- (7) The re-organisation of Society upon the above lines to be commenced at once and pursued uninterruptedly until social justice is fully secured to each and every citizen.

For many years Queensland was the only Australian State in which it could be said that socialist ideas were widely held. There were, however, in all States odd groups of enthusiasts, publishing short-lived papers, founding quickly changing societies, and providing the new and confused Labor Parties with many different ideas. The ideas that were common to all groups were that the State should own and control the means of producing wealth, and that any action by the State was socialistic, and a step to socialism. Although we can include the American Knights of Labor in the external contacts that influenced Australian Labor, the visits of the Webbs, Keir Hardie, Ben Tillett, and Ramsay MacDonald and the circulation of Blatchford's "Clarion" provided ideas that were more in tune with the local political situation. Old age pensions and limitations on migration were stressed, not merely because such measures were believed to be socialistic, but because improving economic conditions destroyed the desire for rapid change. Socialist groups broke from the Labor Party when it tried, by concentrating on social reforms, to hold in its ranks liberals, land reformers, trade unionists and patriots, but most of their leaders ended in the Labor Party. Even Tom Mann, who formed the Victorian Socialist Party, discovered that the young enthusiasts, whom he had trained to preach the necessity for a complete and rapid change of social organisation, soon found their political home in the Labor Party.

II.—THE LABOR OBJECTIVE.

Labor was becoming socialistic. With the death or

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desertion of the older leaders like Trenwith and Cook, with the electors becoming immune to the fear of the "socialist tiger," and with the enthusiastic and intelligent Labor papers and leaders advocating socialism, Labor was willing to call itself socialistic, provided that there was no immediate demand for a complete transformation. Interviewed by "The Worker," Andrew Fisher, later Prime Minister of Australia, said, "No Party worthy of the name can deny that its objective is Socialism, but no socialist with any parliamentary experience can hope to get anything for many years to come, other than practical legislation of a socialist nature." "The Case for Labor," by W. M. Hughes, "The Rising Tide," by H. K. Jensen, and "Both Sides of Australian Socialism" (1906), were Australian contributions to the Fabian creed. From about this time onwards, the difference inside the Party was not between the socialists and the non-socialists, but between those who believed that socialism could, and should be, introduced by legislation, and those who believed that emphasis should be placed on immediate reforms. As the Labor Party borrowed electioneering proposals from the other Parties, which in their turn put on the Statute Book the demands of Labor, there arose a difficulty that there would arise a confusion in the minds of the electors on the differences between the Parties. "From the beginning," says Black, "I saw this probability and strove to make a boundary line by the advocacy of State Socialism." It was necessary to find a phrase to state Labor's idea of its goal. The vanguard urged with vigor the need for boldly proclaiming that the goal was socialism.

The history of the Labor Objective is the history of the phrase which crystallizes the outlook of the Labor Party, not merely on its aim, but on the speed and methods to be followed in transforming society. In 1905, the State Branch of New South Wales adopted as the Objective,

- (a) The cultivation of an Australian sentiment based upon the cultivation of racial purity and

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the development in Australia of an enlightened and self-reliant community.

- (b) The securing of the full result of their industry to all producers by the collective ownership of monopolies and the extension of industrial and economic functions of the State and municipality.

In the same year, a Federal Convention adopted the objective from New South Wales.

Labor was converted to Socialism to the extent that, when an evil was apparent, such as high prices for milk in the cities, the solution was a State concern. It was a hope, not often expressed, that, if every pressing grievance could thus be solved as it arose, Socialism would come without an advocacy of the principle, without losing votes, and without the toil of converting the electorate to a theory. Such an approach suited the days when Labor was seeking for the opportunity of governing the country. Reforms were, in fact, extended and State concerns set up; standards of living were rising. The politicians had neither the inclination, nor the knowledge to make attempts at nationalization. Although there was strong criticism from the militants, they had no evidence for their criticism until the Fabian methods had been tried and failed. Moreover, the rank and file were not prepared to criticise too harshly their own leaders, just after they had achieved victory. As Labor gained more successes, and the industrialists began to judge the results of Labor rule, criticism grew, but did not have any effect on the objective until the War.

The stirring up of thought during the war, the loss of the older leaders, the criticism of the results of Labor rule, and the widening of theoretical discussions, created the feeling, expressed at the 1919 Conference, that "the collective ownership of monopolies, whilst going a long way on the path of progress, would not bring about the consummation of the Socialistic ideal." Members of Parliament were generally opposed to any statement of principles that might interfere with the winning of votes. If an ob-

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jective were insisted upon, then it must be "not put forward as an immediate practical piece of politics, but purely as something that was aimed at as an ideal," as is Christianity. O'Loughlen thought it a fine thing to talk about "hitching your waggon to a star," but one had to face the electors with immediate legislative proposals. The people wanted their condition altered by effective legislative action—their stomachs had to be provided for; they could not live on stars. Any idea of legislative proposals, consciously being directed to socialism, was absent from the minds of the speakers. Nationalism was as important to them as was Socialism. As one delegate explained, "they would soon be on the eve of a big political fight" and there was "a good political reason why the words 'White Australia' should be contained in the Objective." Whatever practical things the people wanted, these legislators were prepared to promise. They believed in Socialism; but they would not bring it nearer. The Objective and the Practical Programmes were two parallel straight lines. . . . They never met—at their feet, at the immediate election; but as they looked into the distance Labor thrilled at seeing the two lines being reconciled.

The Conference advanced from the ideal of nationalization of monopolies to the objective of the "emancipation of human labor from all forms of exploitation, and the obtaining for all workers the full reward of their industry by the collective ownership and democratic control of the collectively used agencies of production, distribution and exchange." This was clause (2). Clause (1) was "the cultivation of an Australian sentiment; the maintenance of a White Australia, and the development in Australia of an enlightened and self-reliant community." Jingoism being more important than Socialism, a suggestion to reverse the order was defeated.

III.—"THE RED OBJECTIVE."

By 1921 the tempo of change was altered. The ending of the war had brought, not a New Order, but an intense

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economic crisis. The men, who had been influenced by the popular Marxist literature that had poured in from America, and had been stirred by the advocates of the Industrial Workers of the World, discovered a confirmation for their belief that capitalism meant war and poverty. The Russian Revolution, bursting upon a world weary of war, presented socialists with a working alternative to the Fabianism of Australian Labor. The industrialists were in the ascendant. "They found that, in every country, workers' councils and tribunals of industry were being established," said Mr. Holloway, the secretary of the Melbourne Trades Hall Council, summarizing the results of an international enquiry; "They found that, at every conference that had been held, the socialisation of industry had been demanded."

The politician was compelled to listen to the theorist and the industrialist because there was every indication that, unless the outlook of the politician was altered, many unions would break away from the Labor Party.

After a thorough enquiry, the All-Australian Trades Union Conference of June, 1921, adopted the objective, "the socialisation of industry, production, distribution and exchange." Then followed a series of methods, that inadequate as they may seem now, did for the first time outline the steps to socialization, and showed at last that Labor realized that nationalization would not come merely by attacking capitalism and singing the praises of socialism. Says a Manifesto:—"Socialisation is industry, etc., transferred from Capitalism into Socialism, or to production for use and not for private profit. As Socialisation takes place, the purpose and principle in industry will become USE, and thus will be started the awarding of his Labor-product to the worker. Shortly, we may regard Nationalization as what we can see in State enterprises to-day, railways included. Nationalization is not to be despised, for it is of necessity a stage in socialization. It only fails as remover of the capitalist system because it stops short of losing itself in socialisation. It requires to merge into self-government in industry. Until then, it remains nationalization,

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or competitive collectivism. For the purpose of the Objective, socialisation may be specifically defined as nationalization with workers' industrial control for social use and not for private profit."

Three important conclusions from the debate must be stressed. Hear the straight-forward proposals of J. H. Scullin who moved the adoption of the new scheme: "The Parliamentary machine has been used to give sanction to the schemes of the capitalistic system. We want the Parliamentary regime to give sanction to our proposal and the scheme that we have prepared. From these industries, nationalised, shall be chosen a general economic council which will really take the place of our Parliaments of to-day." When it is remembered that Scullin was later to be the Labor Prime Minister of Australia, it will be realized that the clash so characteristic of Labor history between the theorists and the practical men, between the extremists and the moderates, is not really a clash between individuals, but between the same individuals at different stages of their careers. "Now, for the first time in history," said G. M. Prendergast, later Chief Secretary for Victoria, "we have a definite programme brought down." "It was proposed for the first time to ask the Labor Party to make the transformation of Society a fighting plank of its platform," said a leading theoretician. J. M. Baddeley, not yet Labor Minister for Mines in N.S.W., said, "What I am concerned about with the socialisation of industry is, whether we are going to administer it under the capitalist system . . . as the Governments of New South Wales and Queensland are administering some of their concerns. We, the coal miners, believe that the mines should be owned generally by the people, and administered by the miners." So Frank Anstey, M.P., later Labor Minister, "the Committee had evolved a very fine thing"; Harry Holland, Labor Leader in New Zealand, said, "I say this programme laid down here is in line with revolutionary and socialistic action. You can justify it from Marx. . . . The danger is that we might get control before we are able to take control.

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Clauses (4) and (5) mean that the workers themselves shall control industry and shall democratically control it"; and so on. "We are going to ask Parliament to undertake the task of nationalisation, and then it was proposed to say to it, 'Having done that, your work ceases, and having nationalised a particular industry, you shall hand it over to the workers as a whole.' Underlying the whole scheme was the proposal to set up an economic council which would be supreme." (Cheers).

Secondly, the scheme outlined for the first time the methods that were incorporated in the Labor platform (as slightly amended by the A.L.P.). Socialisation of industry by:—

- (a) The constitutional utilisation of industrial and parliamentary machinery.
- (b) The organisation of workers along the lines of industry.
- (c) The nationalisation of banking and all principal industries.
- (d) The municipalisation of such services as can best be operated in limited areas.
- (e) The government of nationalised industries by boards, upon which the workers in the industries and the community shall have representation.
- (f) The establishment of an elective Supreme Economic Council by all nationalised industries.
- (g) The setting up of Labor research and Labor information bureaus, and of Labor educational institutions, in which the workers shall be trained in the management of the nationalised industries.

Thirdly, the originators of the scheme envisioned an immediate march. Holloway, in accordance with the per-

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vading spirit, in his presidential speech, talked of making "the next decade the transition period from capitalism to socialism." Parliament was to be used as a platform to expose the capitalist system; trade unionism was to be re-organized along the lines of industrial unionism; a chain of Labor Dailies was to spread the gospel that there was no hope for the workers under capitalism.

The year 1921 thus marks the high tide of socialist influence on the theory of Australian Labor.

IV.—THE THEORISTS IN PARLIAMENT.

The Federal Labor Conference of 1921 accepted the Objective, despite a fierce attack on the changes from Mr. Theodore. Mr. Theodore, as the only Labor Premier at the time, was the only delegate with the political power to implement the proposals. To him they were tinged with "communism," showed the influence of the Industrial Workers of the World, meant the displacement of parliament by a Supreme Economic Council, and would result in electoral defeat.

Electoral successes followed. Loan money and improving prices brought the appearance of prosperity. Mr. Theodore declared that the Objective was only a new name for the old idea of Fabian socialism. In 1927 the A.L.P. Conference kept the aim of socialization of industry, but dropped the methods to be followed to reach that aim. Recall those youthful days of 1921 to a Labor Leader of to-day and he will blush at the recollections of his enthusiasms and the sowing of his wild oats. In Queensland, where Labor was in office sufficiently long enough to try out its theories, the method followed was that of setting up of State concerns to compete with private industry. One hotel was to grow to two to three, until finally without any overt action being taken, without any necessity to face the problem of compensation, or without challenging the economic power of capitalism, the liquor trade would arrive at a condition of nationalization. The longer Labor

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remained in power in Queensland, the fewer became the state industries; the longer the term of office, the more restless developed the state employees. The electors threw out the Government and saved it from facing the problem of choosing between dropping its socialistic theory or discovering a new approach.

V.—THE DEPRESSION.

The role of Major Douglas in the second great depression reminds one of the position of Henry George in the depression of the "nineties." Both provided a popular interpretation of the causes of the depression, and both expounded simple solutions. The existence in Australia of large monopolist holdings of land seemed to justify the theories of Henry George; the contrast between the low economic standards and the great development of machine production seem to show in our day that only increased purchasing power is necessary. Both Henry George and Major Douglas had an amazing influence on public opinion. Though neither was accepted by Labor, both found room for some of their theories inside the theories of Australian socialism. Henry George influenced the development of Labor thought in the days when every critic of existing economic society could find a place in the Labor Party. Major Douglas arrived just at the time that Labor needed a new method by which to explain to the public that it could eliminate poverty painlessly and quickly, and by which it could reconcile political success with socialistic teachings.

Labor altered its methods of socialization and its interpretation of the difficulties of capitalism. The former socialists were persuaded into believing that monetary causes and cures were only one aspect of the old socialist case, or that they were first or vital steps. But the stress was altered, and many socialists, especially those who had formed the Communist Party, believed that the new monetary ideas were the direct antithesis of the socialist creed. Marx had influenced Labor thinking in the years before the war. All Labor leaders had found it necessary

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at some stage in their careers to pay a tribute to the Marxian influence on their thoughts. To-day only the Communist quotes Marx as an authoritative guide. Mr. Lang prefers the anti-socialist Cassell. When Mr. Garden said that Lang was greater than Lenin, he really meant that Lang was an Australian and so would try to avoid taking into account political theories.

The failure of the Commonwealth Bank to satisfy Labor's ideas on the possibilities of increasing credits fitted in with the popular interpretation that the banks had caused the depression. The belief that the budgetary problem could be solved by increased loans was widened into the generalization that the depression could be lifted by purely monetary means. The socialist interpretation of scarcity of purchasing power was declared to mean that the banks had power to create or destroy the necessary purchasing power. The close relationship that had existed in socialist theory between the anarchy of distribution and production was interpreted to mean that, since the problem of production was technically solved, by controlling the issue of credit, sufficient money could be created with which to buy back the products of industry. The Commonwealth Bank controlled by a Labor Government was to be the main instrument of Labor Policy. In 1933 Mr. Lang in New South Wales used the full force of his machine to crush any opinion that dared to propose methods of socializing industry. Mr. Scullin in Victoria in 1934 persuaded the Socializing section to keep quiet until the elections were over. Though the monetary approach seems to have been adopted by the Labor Party, there are enough socialists left to cause considerable disturbance and confusion inside the Party. Labor is still double-faced. One face is turned to the electorate promising to adopt the policy of Keynes, Roosevelt, and Cassell, and to solve the economic difficulties by a safe method of reflation. The other is turned to its own supporters, often using the same words, but hoping that the Party members will interpret them in a different way from the electorate.

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VI.—CONCLUSIONS.

The tradition of Australian historians is to underestimate the influence of theory on the activities of the Labor Party. We have seen that at some stages the desires of the electorate have been more influential than the writings of the socialists. But at other periods we have seen the theorists enforcing their ideas on the politicians, although the politicians have always succeeded in breaking away from any socialistic restraints. On the one hand, we could note the domination of reformism in the Labor legislation, but on the other hand we should note that the disillusionment with this legislation has caused a modification of the theories. Labor has been able to hoodwink itself that the many social services desired by the electorate are also methods of achieving socialism, but somehow or other the practical steps must fit in with the general socialist conception. Mr. Lang has to interpret his monetary schemes as steps to socialism, and they are accepted by the enthusiasts in his own ranks only because they are methods of "socializing" credit. If Labor had merely sought office, it would have compromised more than it has done; but Labor remains different from the other parties because it believes in State action as something in itself, while they support State interference when it is something for themselves. We will miss understanding completely the Labor Movement if we do not realize that the most active and unselfish workers in the Labor Party are those who have studied and accepted some form of socialism.

—LLOYD ROSS.

POLITICS AND ADMINISTRATION

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Very broadly it may be said that Politics is concerned with the expression of the popular will, and administration with its execution. Or, adapting Aristotle's classic phrase, the function of politics is to determine the principles by which we shall live in any community, while that of administration is to provide us with the facilities to live well. In other words, politics is concerned with the "what" and "when," and administration with the "how."

There are many reasons for the general confusion between the function of politics and that of administration. People find politics more spectacular than administration, and as the official usually has to take vows of anonymity and obedience he lacks the means of advertisement available to the politician. Like Martha, therefore, he tends to be overlooked. That lack of appreciation tends to be perpetuated, also, by the text writers on politics and government, who often pay scant attention to the administrative foundations of the State. Consequently the unsophisticated reader would think that the whole business of government centred round Cabinets, Politicians and Courts. Of the administrative thought and effort which enables these actors to hold the centre of the stage and to enjoy the glare of the footlights, there is hardly any mention. Here and there students are beginning to tell the real story of government in the social service State of the XXth century, but people have not yet orientated themselves to the new policy. Their smattering of constitutional history has left them with a vague picture of the development of the XVIIIth century and serves only to accentuate their misapprehensions of the existing order.

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Confining ourselves to England, it might be said that, until the beginning of the XIXth century, the King held the substance of power in government. The art of politics was chiefly concerned with the contending claims of Crown and Commons. Insofar as Parliament could be said to represent the people, it endeavoured on their behalf to control the King and his advisers. It did this either by laying down rules to regulate their acts or their conduct, or it passed measures of general application, which the King and his servants had to administer. But Parliament quite definitely was not interested in the organisation of administration. That was the King's affair. Parliament was interested in who advised him, and with the advice that was proffered, and it constantly sought to fix responsibility in these matters. One great achievement of the Revolution of 1688 was to crystallise ideas, and to lay the foundations for securing effective control over the King's advisers. Of equal importance was the reorganisation of the administration of justice. Most of the principles, however, affecting the relationship between politics and administration which were won by the Bill of Rights need restating to-day.

It was not until the beginning of the XIXth century that Parliament, faced with the repeated demands of the Crown for more money to carry on the ever-extending work of administration, and with the accident of the mental derangement of George III, was forced to concern itself with government housekeeping. But responsibility for the nature and cost of administration was not finally assumed by Parliament until 1848, when the Estimates were first presented to Parliament showing the details of the total expenditure of the several departments and this opened a fresh chapter in the problem of the relationship between politics and administration.

What were the features of that problem? The place which the King used to occupy had gradually been taken by Ministers responsible to Parliament. But it will be obvious that in the matter of Government, the King had

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been regarded by the people in quite a different light from that in which they now came to regard Ministers. So the content of politics assumed a new form. All the factors were altered. In the same way, administration was affected by the change. When Ministers took the place of the King, they had to take over the duties of national housekeeping. For centuries the relationship between the King and his servants had been illustrated by the fact that all were paid as members of the Royal Household, although exigencies of accommodation had necessitated many employees having lodgings out of court. When Ministers took the King's place, the personal relationship between the Executive and the employees was broken, and a new and impersonal connection arose, exemplified to-day by the status of the Civil Service. Thus the adaption of the personal rule of the King to a system of government by Ministers and Parliament provided the beginning of a new relationship, and gave a new significance to the distinction between politics and administration. And it is the remnants of the old system which still complicate the question for communities which have seen the development of the Social Service State, and the consequent employment of from one-fifth to one-tenth of their members in the discharge of communal functions.

In these days, the problem of the relationship between politics and administration is complicated by three main factors. In the first case there is the carry over from the theories and practices referred to. Secondly, there is the fact that government has changed from a negative to a positive system, from the job of the policeman to the prestige of a general manager, and is also getting beyond the capacity of the political executive to control. And there is, thirdly, the emergence of a well-organised and powerful political party which rejects the XIXth Century view of the nature and purpose of the State, and is intent upon altering fundamentally the structure of the economic and social order.

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The change in the scope and functions of government is the most important. The third feature may be merely a passing phase. Nevertheless, it has a significance in our system of world economy different from what it would formerly have had. For example, Cesare Borgia could overrun large tracts of Italy, and the Florentines could attach Machiavelli to his Court without feeling that their own polity was likely to be challenged by the tyranny of the Borgias. On the other hand, to-day's events in Germany and Russia have their repercussions upon the whole world order, and upon the entire theory of politics and administration. Not unnaturally, their exploits have produced disciples or imitators in our own midst. In England, Sir Stafford Cripps and his associates have written out their own specifications of a Socialist State, and despite Trade Union antipathies are sedulously wooing the electors. But they have been franker about their intentions than were the German and Italian Dictators, and if we accept their blue prints we know at the outset that Sir Stafford and his colleagues will attempt to make a complete break with all the traditions and practices of politics and administration as we know them. For example, they would abolish the House of Lords, on the theory that, in a Democracy, the will of the popular majority should not be thwarted by any privileged class. Actually, they wish to remove any existing constitutional obstacle from the path of a Socialist Party which is not over fastidious in its adherence to the principles of democracy. They would suspend existing Parliamentary checks, again for fear of hampering the executive acts of a Socialist Group. They would restrict the powers of the judiciary, to prevent the Courts from intervening on behalf of individual liberty and property rights. They would white ant the Public Service, and make it as in Germany and Italy, the pliant instrument of the political executive.

From their writings it is clear that they have a conception of politics which is not that of discovering the popular will and that they do not recognise any separate

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function of administration. It is true that they affirm their intention of gaining power only by constitutional means, but so did Hitler and Mussolini, and they also contend that they could introduce Socialism by constitutional means. But while it may be true that they could use the flexibility of the British Constitution to legalise their proposals, there can hardly be any argument that such methods would violate the whole spirit of the Constitution.

Stripped of all talk about constitutional action, it may be said that Sir Stafford Cripps has embarked upon a struggle for power and, in pursuit of that objective, he will not be careful to observe the conventional rules either of politics or administration. This is not the place to discuss whether such a struggle is inevitable. It may be sufficient to say that the success of Sir Stafford in England, or of similar groups in our own midst, will depend upon the growth of a sufficiently large mass of dispirited and discontented voters who finally become imbued with the belief that revolution will provide them with the only satisfactory alternative to the existing system. In that struggle, politics will discard administration, and rely entirely upon its own artifices. While the struggle persists, however, not only will economic unsettlement be perpetuated, but the forays of the assailants into the field of administration will tend to undermine public confidence in and the efficiency of the public service upon which democratic government so largely depends.

There is one advantage, however, to be derived from reviewing this new challenge to our political and economic institutions. It throws into vivid relief the way in which the opinions and actions of masses of people may be influenced by political propaganda.

The earlier exponents of democracy believed in the efficacy of the appeal to reason. They felt that the politician and the party which would be successful in politics would be those who most clearly and effectively presented their objectives to the voters. And if there were sufficient

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opportunities of listening to free and sincere discussions, voters would reason out their own conclusions and act accordingly. There is a lingering belief in this view, but a slight experience of the process by which political opinions are formed and of the way in which the franchise is exercised is sufficient to dispel any naive faith in the reliance which can be placed upon rational thought.

In his "Human Nature of Politics," Professor Graham Wallas, writing with a long practical experience as a popular representative, as a student of political science, and as an administrator, exploded the notion that men are automatically guided by enlightened self-interest. Revolting from the Benthamite tradition, he set himself to discredit the intellectualist assumption that every human action is the result of an intellectual process, by which a man first thinks of some end which he desires, and then calculates the means by which that end can be attained. So long as we commenced from that fallacious premise, he thought we were bound to vitiate all our political and administrative efforts. But since without conscious thought and systematic endeavour we would continue to flounder in a bog of expediencies and opportunisms, Wallas sought to devise organisations and agencies which would present a challenge to mere opinion. And in the forefront he placed the administrative agencies, with whose reasoned conclusions based upon scientifically collected data, politics would be forced to attempt to reconcile its projects.

In other words, whether we can afford to nationalise the banks will depend not upon political opinion as to the alleged anti-social action of the private banks, but upon the manner in which the nationalised system is to be implemented and administered. Whether we can afford to embark upon a plan of national self-sufficiency will depend upon accurately ascertained statistics of production, trade, and population, as well as of resultant standards of living. And whether it is necessary to reconstruct our Transport Commissions, Hospital Boards, and Municipal Councils will

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depend upon the judicial ascertainment of facts by an administrative tribunal. Such seems to be the starting point in distinguishing the respective functions of politics and administration.

Reviewing the administrative structure of the modern State, we can distinguish first the judicial function. Long experience has convinced us that the more the judiciary is separated from politics, the greater will be the authority and prestige enjoyed by the Courts, and the more secure will be the liberties of the subject especially in relation to the encroachments of the government.

Secondly, there are all those officials and agencies concerned with the general administration of affairs. Taxes have to be assessed and collected, public works have to be constructed, children have to be educated, and the sick, the poor, and the aged have to be cared for. Here the connection between politics and administration is close and definite. Even so, the control is circumscribed. It is generally believed that the control should not extend further than to ensure that the will of the people is given effect to. If it extends to the appointment and dismissal of officials, if it dictates the administrative methods to be pursued, if it influences the exercise of administrative discretion, then it is likely to produce inefficiency and may also lead to corruption. It is certain to make officials feel that what is demanded of them is that they shall put the behests of a political party before the public interest. Most modern States have met this situation by removing large sections of the personnel from political control. Public Service Acts and Commissions regulate conditions of appointment and afford security of tenure. But there is much still to be done to determine the extent to which the principle of official independence can be reconciled with the demand for political control. Even the organised groups of public servants fail to see that their excursions into political campaigns tend to delay discussion of this problem. They claim full political rights but refuse to face the fact that such action may not only be at the expense of security of tenure,

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but may mean the return of a system of patronage. It is impossible to commit to a public service administrative tribunal the determination of the status and tenure of officials, if the officials themselves prefer to appeal to the arbitrament of politics.

Thirdly, since every modern government has found it desirable to devolve upon localities the control of their own domestic affairs, a major political and administrative problem is the demarcation of areas and functions and the constitution of suitable agencies to discharge those functions. Local Government has everywhere been undergoing profound modifications in recent years. Changes in methods of communication alone have made many municipal areas unsuitable for modern needs, and it is the part of politics to reorganise them.

Not only is it necessary to redistribute the burden of government of the Social Service State between the central and local authorities on the principle of capacity, but it is imperative to counteract those developments which are tending to detach the citizen from the administration of government. As many as possible, therefore, of the activities of government should be brought within the comprehension of the citizen and he should be made to feel responsibility for his vote by linking up actions and results. Unless administration is to become bureaucratic and despotic, or the political executive is to be overwhelmed by the multiplicity of details, this problem of devolution of responsibility upon local authorities must be faced. It must not be approached, however, on the principle that politics must interfere whenever the manner in which that responsibility is exercised offends some section. The part of politics should be to make provision for each locality to assume its burden of administration, first, by delimiting areas and functions, secondly, by redistributing the financial resources between the centre and the locality, and, thirdly, by the establishment of central agencies whose primary function will be that of defining standards of excellence in administration to which each local authority

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might be encouraged to aspire. And it should be left, not to the central political group, but to the local citizens to take action against their agencies if they fail to produce results.

But the very hypertrophy of functions necessitates an extension of the principle which we have just discussed. So long as the State did not venture beyond police functions, the problem of sovereignty did not arise. But once it embarked upon the general management of economic enterprises, and the organisation of social services, the State was forced to create agencies which did not readily lend themselves to the conventional direction by Ministerial heads. And each agency had to be related to its function and to the area over which it was to operate. Some of these agencies, like Banking and Broadcasting, have ramifications transcending State boundaries, others ignored municipal divisions.

There was still another factor introduced by this development. The success of these Agencies depended upon their being able to act with the utmost efficiency, and with reasonable continuity of policy. Collectivist philosophy believed that public ownership would be more efficient and economical than private management, provided the technique of private operation was used. Hence the invention of the statutory corporation. Public utilities like Transport and Waterworks were "nationalised" and committed to the control of specially constituted commissions. The recruitment and organisation of public service personnel was similarly treated. And as the collectivist tide flowed more strongly, it was found that the preservation and improvement of public health called for a union between science and administration that necessitated another type of agency. The investigation of trade movements, and the determination of standards of living and conditions of work demanded the application of economics, statistics, and jurisprudence to a peculiarly difficult administrative technique. All these developments seemed to point to the modification,

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as in Federal systems, of the idea of a single omniscient political executive, and to the substitution for it of a plurality of agencies all concerned in their several spheres with specific pieces of government. Each of these agencies was "the State" or "the government" within the limits of its charter.

But although the device of the Statutory Corporation has everywhere been resorted to by modern States, the political and administrative implications have never been squarely faced. Where was financial responsibility ultimately to lie? Or more important still, where was political sovereignty to reside? Who was to decide in the event of a conflict between the corporation and the people? Or what was to be the position in the event of disagreement between the corporation and the political executive about their respective powers? A crisis was reached in all these matters in our Transport system some years ago, and the issue has only been postponed in regard to our Banking system. We shall have to face the question whether the Statutory Corporations are to be "independent" or merely specialised agencies subject to the political executive.

It would seem that these agencies must always remain subject to politics, for they cannot easily be given constitutional independence by the method of popularly electing their executive personnel as is so often done in the United States. That only the more firmly rivets them to party politics. But it is possible to ensure them reasonable facilities for fulfilling the purpose of their existence.

In our own case, the several statutory corporations represented a compromise with our political philosophy insofar as we believed that a measure of "independence" would promote efficiency, impartiality, and continuity of policy. But we overlooked the fact that the manner in which that independence was exercised would be bound to provoke demands for popular control. The constant re-organisations of recent years, therefore, challenge us to do some fresh thinking about the whole problem. In one sense,

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tariffs, transport, standards of living, and personnel patronage go to the foundations of political policy, and few parties are prepared to admit that these fields are forbidden preserves. But can we afford to have them used for the sport of party politics? What is the real will of the people in regard to them?

Insofar as there is any, may we take it that the real popular will is to secure efficiency and impartiality in the administration of technical services, and that the popular support used to justify their reorganisation is only a fleeting whim born of some specific irritation, or some annoying decision of a Statutory authority? In other words, the dilemma which confronts us here is whether we aim at making popular election in fact, as well as in constitutional theory, the sole base of political authority, or whether we desire that these non-elected Boards and Commissions shall exercise some degree of independence in administration?

My own view is that we shall have to discard the naive belief that only the elected political executive represents the popular will, and should be the sole base of political authority. But does that mean that we shall be faced with a chaos of competing popular wills? How can we secure due weight being given to the latest expression of popular confidence in a political executive, and at the same time ensure that the permanent and abiding will of the people, as represented by the independent official agencies, shall be safeguarded? But if we give these agencies real independence, how shall we avoid not merely the growth of bureaucracy but the rise of a new Despotism?

Let us approach this problem by analysing the nature of the political executive. The political executive is "the government of the day." In practice it is primarily the mouthpiece of a political party. It cannot be said to represent all the people. It does not stand to the people in quite the same way as did the Monarch when he was responsible for administration. At any time, almost half the community will be likely to be found in an opposite political

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camp, and will generally be suspicious of anything which "the government" does. Furthermore, that part of the community which is antagonistic will be represented by its own political party, and is merely waiting its opportunity to become "the government." When, therefore, a political executive contends that because it has a majority in the Legislature, it is entitled to give effect to its policy, it has to reckon with many factors, including public confidence, and confidence is a prerequisite to government in any real sense. Experience seems to prove that public confidence is in inverse ratio to the extent to which a political party can influence such things as the appointment and dismissal of officials, and administrative decisions. Accordingly, if a government acts arbitrarily in these matters, it can anticipate forfeiting the support of a sufficient number of voters to turn it out of office. Normally, therefore, the political executive is content with giving a general administrative bias to the party policy and with driving administrative officials on a light curb. In those circumstances crises between politics and administration seldom arise. But these days are not normal, and there are signs that much of the ground which had been won for the administrative function may be lost during this period of post-war readjustment. Politics is asserting a right not merely to control all the functions of government but to dictate details of administration and is basing its desire to do these things, not upon judgments scientifically made, but upon opinions formed from mere inference, or determined by reasons of expediency.

Nothing but disaster can attend such a course. The Modern State needs expert and stable administrative agencies, just as much as it needs wise political leadership. If Bank Boards, Transport Commissions, and Broadcasting Corporations are to be reorganised with every change of government, *expertise* cannot emerge, and there can be no continuity of policy. Public unsettlement will follow and the costs of inefficiency will increase. Neither business nor politics can afford to pay such a price for political control.

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If there is uncertainty about the attitude of the Government in regard to them, the business man and the entrepreneur will not venture upon enterprises which involve long term planning, and which will not begin to pay their way until a considerable lapse of time. Nor can they neglect the reactions upon their own enterprises of politically run businesses.

It ought to be obvious that no control which a political executive can exercise over such a body as a Tariff Board or an Industrial Commission can result in the gathering of better facts about trade or in the giving of more accurate decisions in industrial disputes. And it ought also to be clear that real progress in human civilisation has been made possible, as Graham Wallas reminds us, by the invention of methods of thought which enable us to interpret and forecast the working of nature more successfully than we could if we merely followed the easy way of relying upon opinion.

What therefore should we do? We have a wealth of precedent to point the way if we would but choose to follow it. We have, for example, built up a specialised system for the administration of justice which is independent of political control. We don't rely upon opinion to determine whether a man has committed a crime, or whether he has evaded payment of his taxes, or has committed bigamy. In all these cases, the Crown has to establish the facts before a tribunal, and what is more important, it has to abide by the decision. Similarly, we have begun to build up Industrial Tribunals and to require the Crown to establish, to the satisfaction of such Courts, its desire to vary wage rates or conditions and hours of employment. All we need is to extend this principle.

But we must first of all win recognition for the principle that there is an administrative function which is quite distinct from the political function. Given that, we should require a Government, which wanted, for example, to alter specific duties, in cases where a Tariff had already been accepted as part of the general policy of the community,

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to appear before a Tariff Tribunal and establish to the satisfaction of that body that the alteration proposed was desirable in the public interest. Similarly, if it wanted to alter the composition of the personnel of the Tariff Commission it would have to appear and plead its case before an Administrative Tribunal and establish that the members had failed to discharge their duties with discretion and efficiency. And this practice would have to be followed in all personnel disputes. The principle has already been embodied in our local government law. Parliament knew that occasions would arise in which actions of local officials would conflict with the interests of aldermen, and to protect their independence, it decreed that officials could not be discharged until the Council had established before a tribunal that dismissal was justified.

One might elaborate this idea and follow it through its varying applications in different fields of government. For example, in England, where the railways are privately owned, the control of rates and fares is committed to a special tribunal. If the Government thinks that rates or fares are excessive or unreasonable, it has to establish its contention before the Tribunal. And the same is true of the United States where the Interstate Commerce Commission exercises a similar function. In our own case, the Railways are publicly owned, and the fixation of rates is more directly under political control. How far this has contributed towards the unsatisfactory position of the Railways need not now be discussed, but it is suggested that it would be infinitely more satisfactory if decisions in these matters were arrived at by conscious processes of thought and by reasoned judgments than that they should be left to the play of party political expediency.

If it be objected that this unduly limits the political function and would slow down the whole process of political action, the answer is that the principle has been accepted over many fields of government and private life. And the slowing down or the restriction of political action is not something to be lamented. Our greatest curse is the light-hearted experimentation by political amateurs upon the body

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politic, and the sublime confidence which elected persons have in their own competence. There is no political executive that has the time to handle directly and control effectively all the services of the modern social service state. It seems clear that politics must share the sceptre of sovereignty with many specialised agencies, and we would be wise to follow the precedent which we have tried out in the judicial function of government.

A more serious objection is that these developments might shackle us with all the objectionable characteristics of Bureaucracy. The official "clothed with a little brief authority" can be very despotic. But this danger could be averted by better internal organisation. Parliament would still be the main field for ventilating grievances, but instead of Ministers themselves attempting redress, they would refer the complaint to the appropriate statutory authority. Personnel difficulties would be referred to the Public Service tribunal; Tariff disputes to the Tariff Commission; Industrial dislocations to that Commission and so on. Is it a flight of fancy to see developing on the administrative side of government an Administrative Supreme Court with its several jurisdictions, and paralleling the ordinary Courts? There would be Courts of first instance and Courts of Appeal, and these would build up a technique and practice which would stabilise administrative methods as the ordinary courts have done for their special field of law.

There would still remain wide scope for the exercise of the political function. Relieved of the cares of many of the matters which now occupy the time of the political executive, and able to rely upon *expertise* to an extent which is now impossible, it could concentrate upon larger problems of policy. And, in regard to these, politics could provide the inspiration and leadership which all the agencies of the modern State need, and it could give a tone to public affairs which would make a political career the most honourable profession that a citizen might pursue. But that is impossible until we discriminate between the functions of politics and administration.

F. A. BLAND.

THE AUSTRALIAN SUGAR INDUSTRY

“Nowhere else in the world is the white man handling tropical production with success. There is a big Australian responsibility on those who are building up this part of our country. It is our vulnerable frontier, and we must be watchful lest, through misconception, we do them an injustice and discourage them in their important responsibility.”

MR. DONALD MACKINNON.

It is first of all necessary to have some knowledge of the salient historical features of the Australian Sugar Industry, so as to appreciate the peculiar position occupied by the industry in Commonwealth affairs.

In 1866 Captain Louis Hope sold the first ton of raw sugar produced in Queensland, and from then on the industry steadily expanded and continued to increase and prosper up to the advent of Federation.

During this Colonial period the industry had the help of coloured labour, chiefly Kanakas. In the absence of effective Customs protection this help was necessary to enable the industry to survive in competition with black grown sugar of India, where wages were trifling.

It is general knowledge that prior to 1900 all the Australian Colonies, including Queensland, favoured the White Australia ideal. It was also agreed that the sugar industry offered the only practicable solution of the problem of national defence, if converted from a coloured to a white labour industry. No other industry possessed the same capacity to settle white cultivators on the soil of Australia's tropical

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areas, and Queensland was prepared in the national interest to make the change. Considerations of economic self-preservation, however, compelled her to stipulate as a condition of entering the Federation that the sugar industry should be properly safeguarded by measures guaranteeing her in perpetuity a profitable Australian market for the sugar she produced. This condition was willingly conceded.

In December, 1901, the Commonwealth Parliament passed the "Pacific Island Labourers' Act", under which the Kanakas were repatriated. At the same time it concurrently passed other legislation whereby an excise duty was imposed on all raw sugar produced in Australia, with provision that a rebate of £1 per ton less than the excise duty should be granted in respect of all raw sugar wholly produced by white labour. Subsequently this rebate was termed a "bounty," but the word "bounty" was plainly a misnomer and this has resulted in an extraordinary amount of misunderstanding of the true position ever since.

Under this Excise and Rebate system, which lasted from 1901 until July, 1913, the sum of £6,591,870 was collected from the sugar industry in Excise Duty, and the Commonwealth Government paid £3,899,541 back to the industry by way of rebates in respect of raw sugar produced entirely by white labour. The Commonwealth revenue actually benefited by this system to the extent of £2,692,329.

By 1912, nearly all the Kanakas had been repatriated, so that the Commonwealth Parliament felt justified in passing legislation under which the excise duty and the rebate (or so-called "bounty") were abolished as from July, 1913.

During all this period a customs tariff of £6 per ton was levied on importations of foreign cane sugar and there was

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also a tariff of £10 per ton on imported beet sugar. These tariff rates continued until November, 1922, in which month the Commonwealth Parliament increased the rates to £9/6/8 per ton on imported cane sugar and £14 per ton on imported beet sugar, which rates are still in existence.

From 1900 until 1914 the industry made steady progress notwithstanding the lack of adequate protection, but with the utmost difficulty by sheer force of the enthusiasm, energy, and intelligence of those who had undertaken the task of its development under white labour conditions.

Co-operative effort amongst all engaged in the production of sugar, and patient organisation in all departments of the industry's activities, facilitated the establishment of numerous mills equipped with modern machinery and the introduction of mechanical aids to cultivation in the fields. The State Government of Queensland from time to time lent generous aid to the growers, but it can be truly said that from 1900 to 1914 they owed nothing to the Commonwealth.

During all that time the industry carried out its duty to promote the White Australia policy and realise the national ideal. It extended cultivation, settlement and effective white occupation to the farthest north of Queensland and it supplied the Australian people with the best sugar in the world. It accomplished all this without receiving more than a shadow of the help, protection and encouragement which were promised to Queensland when that Colony entered the Federation.

The 1912 Royal Commission on the sugar industry, when referring to the unsettled areas of North Queensland, said:—

“They are not only a source of strategic weakness; they constitute a positive temptation to Asiatic invasion and may give the White Australia policy a com-

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plexion which must inevitably weaken the claims of Australia to external support. As we have already remarked, the ultimate end, and in our opinion, the effective justification of the sugar industry, lies beyond questions of industry and wealth production. It must be sought in the very existence of Australia as a nation."

The 1931 Commonwealth Committee of Inquiry stated that in their judgment this considered opinion of the Royal Commission had not been refuted nor shaken by any of the evidence given before that Committee.

When the Great War came the Commonwealth was forced to alter its attitude to the Sugar Industry in this Country, for war conditions quickly conspired to make the business of sugar production a matter of vital consequence not only to Australia but to the whole British Empire. The Commonwealth Government was prompt to assert complete control over the industry. From 1915 onwards it commandeered the entire Australian sugar output at a price fixed by itself and far below world parity; it placed an embargo on the exportation and private importation of foreign sugar; it fixed prices for both the wholesale and the retail trade, and it made arrangements to finance any authorised imports that might be required to make up any shortage in the Australian crop. Thus the consuming public was protected by the fixation of retail prices, from any possible attempts to exploit the situation created by the war.

From 1915-1919 inclusive the wholesale price of sugar in Australia did not exceed £29/5/- per ton, and the retail price to the consumer was 3½d. per pound. The price of sugar in 1920 in England was 1/2 per lb.; in Canada and the U.S.A. it was 1/3 per lb.; and in Italy and France 1/6 per lb. On the basis of the English comparison the Australian industry saved the people of Australia many millions sterling.

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Of all the producers, both primary and secondary, in Australia, the sugar growers alone derived no real advantage whatsoever from the inflated conditions created by the war. They watched most other industries profiting enormously out of war prices whilst they struggled to make ends meet, fighting under the handicap of ever-mounting wages and production costs which in every other industry were passed on to the consumer.

In addition to this, the cheap sugar supplied by the Australian industry enabled the jam manufacturers, fruit processors, condensed milk manufacturers, confectionery makers and biscuit manufacturers of the Southern States to undersell all foreign competitors, and to market their surplus products overseas to the value of £17,772,129.

The policy of direct Commonwealth control which commenced in July, 1915 was maintained until the beginning of the 1923 season with various alterations in the different prices to meet the constantly changing conditions, due principally to the War and its aftermath.

In 1920 the Federal Government, realising that sugar production in Queensland was seriously falling away owing to the low prices paid the growers and the continuously increasing production costs, decided to raise the price of raw sugar from £21 to £30/6/8 per ton, with the avowed object of stimulating production and preserving the industry from collapse.

At the same time the Government raised the retail price to 6d. per lb., in order to recoup itself for losses incurred through importing dear foreign sugar to make up for the shortage in local production. The growers, however, derived no direct advantage from this increase, and in November, 1922, the retail price was reduced to 5d., by which time the Government had recouped its losses.

In 1923 the financial and marketing control of the industry was handed over to the Queensland Government on certain conditions, which included a reduction of the price

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of raw sugar to £27 per ton and provision to enable refined sugar to be retailed at 4½d. per lb.

Subsequently a concession of £6/5/1 per ton on the sugar used by fruit processors was granted by the industry. This rebate and the prices just mentioned were continued on the renewal of the Sugar Agreement with the Commonwealth both in 1928 and 1931.

The Commonwealth Government originally commandeered the product of the industry in order to ensure that the people of Australia should have as cheap sugar as possible during the war. Sugar is a commodity vital to the public welfare and the Government anticipated that the world's normal production of sugar would be seriously curtailed by the War.

This anticipation proved to be quite correct. Very soon after the War started a world scarcity of sugar developed, and long after the War ended sugar continued to rule at famine prices in every country save Australia. It was thought that as soon as possible after the Peace Treaty was signed the Government control of the Australian industry would be abrogated and a tariff substituted sufficient to protect the industry from the competition of black grown sugar when normal conditions should be restored. A move in this direction, indeed, was actually made in 1922, when the Customs duty on foreign raw sugar was raised from £6 to £9/6/8 per ton. That duty, however, was never permitted to operate. The Government continued to control the industry after the War ended in order to recoup its losses on imported sugar during the War. When, at length it was in a position to relinquish control, the foreign production of sugar had outstripped demand and sugar prices had fallen to a level low enough to menace the existence of the Australian industry, notwithstanding the increased Customs protection granted by the 1922 tariff.

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Another factor influencing the Federal Government in maintaining its control of the industry was the series of violent fluctuations that occurred in world sugar prices following shortly after the Peace. As one Australian Prime Minister explained: "Foreign conditions and violent price fluctuations in the world's market rendered it difficult, if not impossible, to protect the Australian sugar industry adequately, by any Customs duty."

In 1931 the Commonwealth Committee of Inquiry into the industry, after an exhaustive review gave its considered opinion that the removal of the embargo would jeopardise the existence of the industry, and recommended that as it was the only effective means of preserving a national asset, the embargo should be continued for another period of five years and the agreement regarding price should be renewed for at least three years.

In September, 1932, however, in recognition of the fact that the value of money, commodities, and services generally, had decreased owing to the general depression, representatives of the Sugar Industry agreed that the 1931 Sugar Agreement, which in the ordinary course would run until August, 1936, should be amended to provide for a reduction in the price of sugar to consumers, to 4d. per lb. This amended Agreement, together with a provision for an embargo on the importation of black-grown sugar, was embodied in a Commonwealth Act of Parliament in December, 1932. The claims of the Sugar Industry for this form of special protection thus received statutory recognition, whilst at the same time consumers were protected up to the stage of having the wholesale price of sugar stabilised for a term of years.

It can be safely said that no industry in Australia has been the subject of such searching investigation as the sugar industry. Several Royal Commissions appointed by the Commonwealth Government have from time to time furnished much valuable information on its various aspects. Recently the whole field was systematically explored by the

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Commonwealth Sugar Inquiry Committee, which embraced representatives of the consumers, the fruit growers, and the manufacturers using sugar as well as of the industry itself. This Committee visited and took evidence in every State and six months were occupied in investigation and in the preparation of the several reports. Thus, any conditions that the producers receive are the subject of the closest scrutiny by Parliament, and the industry cannot possibly exploit the consumer, and this rightly so.

The Australian Sugar Industry occupies a peculiarly important position in the economic structure of Australia. It supplies the entire population with a commodity vital to the well-being of the people. It is a feeder to many other industries. Upon its security and strength many great manufacturing establishments are dependent, including foundries, machinery manufacturers, engineering works. It provides the best market for Southern States possess for the disposal of their surplus secondary products, which they send to Queensland in exchange for the sugar supplied to the South. It maintains a busy coastal shipping trade and provides wages for innumerable workers engaged in the business of distribution in all parts of the Commonwealth. It creates a purchasing power of goods, products and commodities equivalent at present to £10,000,000 per annum. It helps to pay Australia's overseas interest bill by marketing surplus sugar abroad to the value of approximately £2,000,000 per annum. It supports in Queensland a population of 120,000 souls, and is responsible for capital investments totalling over £50,000,000. It produces new wealth every year at the rate of nearly £1,000,000 per month.

No State in Australia is self-contained, for each needs something which the others can supply. Reciprocity between the various States is best exemplified in the interchange of commodities which constitutes Interstate Trade, but few people realise the value of that trade, and the extent to which the various States are interdependent.

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During the year 1931-32, the value of commodities of Australian production imported from other States into Queensland amounted to £13,443,630, whilst the value of goods sent to these States from Queensland was £11,174,178, of which more than half was represented by raw sugar. The significance of these figures lies in the fact that whilst the balance in favour of other States of the Commonwealth was something over $2\frac{1}{4}$ million pounds, two-thirds of the products supplied by Queensland (£7,505,613 in value), consisted of commodities such as sugar, pineapples, cotton lint and cotton seed oil, ply-wood and other timbers, which do not, to any extent, compete with any of the Southern productions. In the case of sugar, the refining process in Sydney, Melbourne, Adelaide and Fremantle, furnishes direct employment for large numbers of workers in these cities, to say nothing of the employment due to interstate transport in general.

It may be of interest to note that New South Wales, in the year just mentioned, sold to Queensland goods to the value of £7,900,000, and purchased goods to the value of £5,855,000, the balance in favour of New South Wales being slightly over two million pounds. In Victoria, the balance of trade was in favour of that State to the extent of over $1\frac{1}{4}$ million pounds, whilst even Tasmania, thanks to its fruit, potatoes, onions and jam amounting to a total value of a quarter of a million pounds, had a favourable trade balance with Queensland of over £100,000.

Some surprising details emerge from a study of these statistics. For instance, Queensland last year bought nearly half a million pounds worth of confectionery, biscuits, and cakes, and smoked one million pounds worth of tobacco and cigarettes, all manufactured in the South. South Australia supplied nearly half of the £278,000 worth of motor vehicles and bodies imported from the other States.

SUGAR MANUFACTURE.

Sugar cane, freed by the cane-cutter of leaves, tops and roots, is transported from the fields to the mill, usually on

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narrow-gauge mill tramway systems, but sometimes by Government railways, road vehicles or river craft.

At the mill, the cane is weighed and fed, by practically automatic methods, to the crushing plant. The stalks are first shredded and the mass alternately passed through heavy, grooved rollers and hot diffusing baths. The rollers, up to 6 ft. in length and 3 ft. in diameter, are placed in sets of three, with three or four such sets in a train. The pressure applied is of the order of 60 tons per foot length of roller, and the sugar in the form of an impure juice is extracted from the cane, while the residue in the form of fibre is conveyed and fed automatically to the furnaces, thus supplying all the fuel necessary to run a modern mill.

In order to purify or clarify the juice, it is limed and boiled and the impurities thereby coagulated are allowed to settle. The clear juice contains about 16 per cent. sugar in solution, and is the colour of strong tea. This is evaporated under vacuum by the multiple system, about three-quarters of the water being evaporated in the process. The resultant concentrated sugar juice is now dark and syrupy.

This syrup by further evaporation in a vacuum pan deposits sugar crystals which are separated from the mother liquor by centrifuging. This liquor is further crystallised and centrifuged until no more sugar can profitably be recovered. The residual liquor from these operations is called "molasses". The molasses is sold to a distillery for conversion into alcohol, or used as food for stock, fertiliser, fuel, etc.

The crystallised sugar is then mechanically conveyed from the centrifugals to a hopper in the sugar room where it is bagged, weighed, marked, etc., and shipped to the refinery. This raw sugar is straw coloured and contains about 97 to 98 per cent. of sugar, but after being refined, the resultant white sugar for general consumption is 99.8 per cent. pure.

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At the refinery, the raw sugar is dissolved and again purified, first by a liming and filtration process, followed by filtration through bone char which decolourises the sugar liquor. Then the heavy, water-white syrup is subjected to processes similar to those used in the manufacture of raw sugar, namely, evaporation, crystallisation and centrifuging.

Several grades of sugar are manufactured, including brown sugar, which is a refined sugar, not a raw sugar. Other products of the refinery are golden syrup and treacle.

Sugar manufacture is a highly specialised and technical industry. Every step in the process is technically controlled to eliminate waste.

REFINING AND DISTRIBUTION.

The raw sugar producers, growers, and millers receive $2\frac{1}{2}$ d. per lb. for the sugar used in Australia. The price charged by the retail grocer is 4d. Who gets the difference of $1\frac{1}{2}$ d. between these two prices?

A common belief is that the refiners get the lion's share. As a matter of fact, all the charges on account of refining and financing amount to less than $\frac{1}{2}$ d. per lb. Transport of the raw sugar to refineries and other items account for the balance, the retail grocers alone taking about $\frac{1}{2}$ d. per lb. as their share in the scheme of distribution.

All these items are the subject of close scrutiny by the producers, as it is to their interest to see that such charges are kept as low as possible.

Every year an agreement is entered into between the Queensland Government and the Colonial Sugar Refining Company Limited, under which the Company undertakes to refine the whole crop and to act as agents generally for the Government in the distribution of the refined product to the public. All the charges for these various services

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are fixed under the Agreement just mentioned, and the recent Committee of Inquiry has declared that it is satisfied that the Company is not obtaining more than a commensurate return for the services it renders to the Queensland Government.

Incidentally it may be mentioned here that the actual cost of refining Australian sugar compares favourably with refining costs in Great Britain and the U.S.A.

It is clear that the Company is not making enormous profits at the expense of the consumer despite frequent statements to that effect. It has undoubtedly made handsome profits in the past, but it should be remembered that the Company has very large interests outside of Australia. These include the production of the whole of the sugar crop in Fiji and the refining of all the sugar used in New Zealand.

As the Company's operations cover a period of 78 years and the policy throughout has been to put back into the business everything in excess of 5 per cent. on the cost of the assets, it is not surprising that the Company has gradually built up out of surplus profits very substantial assets in plant and cash reserves, and that it can consequently pay a fairly high rate of dividend on the Book Share capital and at the same time give its services both to the industry and the community at a low margin of profit.

These services include providing finance for the whole of the sugar crop, and this involves the Company in an outlay of over £6,000,000 during part of the season. The interest charged is below current Bank rate of interest. It is fortunate for the industry, and indeed for Australia, that the Company has resources enabling it to carry such a huge business. No Government and no Bank would undertake such a task under terms and conditions so favourable to the industry.

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It is to be hoped that in the foregoing statement, readers will see the sugar industry in its true perspective.

To deal with the various phases of the industry effectively and in detail many more pages would need to be written. An interesting article alone could be written on the sugar concessions to the Fruit Industry and the operations of the Fruit Industry Sugar Concession Committee. There may probably be some readers who are particularly interested in the vital problem of The White Men in the Tropics. I would refer such readers to the address given by Dr. A. Grenfell Price, C.M.G., D.Litt., F.R.G.S., of St. Mark's College, the University of Adelaide, which was broadcast over the national network from Stations 5CL and 5CK on the 11th and 18th July of this year.

—R. MUIR.

SUGAR CONCESSIONS TO FRUIT INDUSTRY

By A. R. TOWNSEND

(Chairman of Fruit Industry Sugar Concession Committee.)

The Committee was created by the Commonwealth Government in September, 1931, in response to recommendations by the 1931 Sugar Commission.

For some years prior to 1931, the Sugar Agreement between the Commonwealth and Queensland Governments had provided for a domestic sugar rebate of £6 5s. 1d. per ton, worth some £180,000 per annum, being paid by the sugar industry to manufacturers of fruit products.

This rebate was originally intended to help the growers of jam and canning fruits to receive remunerative prices and volume of business.

Over-production of fresh fruit, severe competition between manufacturers, and the general economic depression, all played a part in frustrating the beneficent purposes of the rebate.

As a rule, growers were securing smaller factory outlets and lower prices. The 1931 season was notable for many factories taking only half the canning fruits available at about half reasonable prices.

Factories desirous of paying prices to the growers frequently could not take the risk of doing so, through fear of having to sell their jam and canned fruit in disastrous competition with similar products made by other factories from cheaper fresh fruit.

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The sugar rebate itself had only a negligible effect on retail prices, viz., about $\frac{1}{2}$ d. per standard tin of jam and only one-tenth of a penny on a large tin of canned fruits. Such minute savings obviously could not be expected to increase consumption so as to result in a noticeable improvement in factory purchases of fresh fruit.

Many fruitgrowers and their Associations, in evidence before the Sugar Commission, therefore, urged the provision of larger sugar rebates and improved methods of control designed to ensure fair prices to growers and markets for surplus fruit products.

The Commission recommended, and the Commonwealth Government adopted, the present constitution of the Sugar Concession Committee, whereunder £200,000 per annum (£315,000 per annum prior to the general reduction in sugar prices in January 1933) is made available by the sugar producers to the Committee for payments to manufacturers of fruit products, sold locally or abroad, subject to manufacturers first paying not less than the minimum prices for fresh fruit prescribed by the Committee each season as being fair and reasonable.

There is convincing evidence that growers and manufacturers have benefited substantially during the first three years' activities of the Committee.

During this period, the average minimum prices for canning fruits have been larger than for many years, viz., £10 6s. 8d. per ton for the main kind, peaches; £10 for apricots, and £9 13s. 4d. for pears. These prices give sound returns to efficient orchardists located in suitable fruit-growing areas.

Of at least equal importance to the growers is the fact that practically all the canning fruits available in Australia during these three seasons were purchased by factories. This was only made possible by export subsidies

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and guarantees given by the Committee, without which most factories could not have afforded to process surplus fruits otherwise certain to involve them in export losses.

Manufacturers have derived advantages in several important respects. They have been protected against export losses, as already indicated. Most of them have also enjoyed lower production costs, mainly in overhead charges, through having larger outputs in being enabled freely to process for export.

Incidentally, such lower production costs have been passed on to Australian consumers in the very low prices for canned fruits of the last eighteen months, which have resulted in a welcome increase in local consumption.

Perhaps the greatest advantage to manufacturers has been the fact that they all pay the same price for each kind of fruit. There is now no incentive, as in previous years, for them generally to buy fresh fruit at the lowest prices as an almost essential means of protection against serious losses caused by some competitors who would never willingly pay fair prices to fruitgrowers.

On this aspect of the matter, the due interests of consumers are not overlooked by the Committee. Recent retail prices substantiate this statement. The fact is that the slightly extra price for fresh fruit above forced sale prices, that means the difference between poverty and a reasonable income for fruitgrowers, has only an immaterial effect on retail prices. The Committee does not believe that consumers wish to save $\frac{1}{2}$ d. or less per tin on jam and canned fruit and thus render thousands of growers unable to meet their obligations or to live decently.

The Committee, of course, helps many fruit products other than canned apricots, peaches, and pears. For example, £20,000 per annum is devoted to canned pineapple exports, and another £20,000 per annum to all forms of exported berry fruit products.

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Export rebates are granted on the sugar contents of all fruit products exported from Australia. These rebates reduce the ordinary cost of Australian sugar to the Australian equivalent of the world's free-market price.

A special rebate of £5 per ton is paid on the sugar content of exported jams, which reduces the cost of Australian sugar to £5 less than world's parity.

Nearly 100% of the growers have unmistakeably shown their confidence in the Committee and its policy. Virtually only one very small section in one State has expressed disappointment, and that through misconception of the powers of the Committee which is legally unable to award them a price equal to their production costs, such costs being materially higher than those in another State which produces more than Australia's requirements and is finding great difficulty in securing any export market for its surplus production.

I have merely given a brief outline of the direct advantages arising from the operations of the Committee. Its chief value, in my judgment, lies in the unique stability and security given to the industry and the indirect benefits so created.

Fresh fruit for factory purposes has a definite value immediately the Committee announces its minimum prices for each season. Previously it had no particular value at all in most seasons. On the definite value now given to fresh fruit each year—and it applies to a larger volume of fruit than hitherto owing to the larger assured export business—growers can secure necessary financial accommodation from banks, storekeepers, etc., for harvesting and other expenses. Manufacturers also can finance in advance against the assured subsidies that the Committee will pay when export shipments are ultimately made.

The success of the Committee is due both to its policy and its representation, as wisely planned by the Common-

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wealth Government. Four of the six members directly represent and were nominated by important, well-defined, and approximately equal groups in the fruit industry. Canning-fruit growers and jam-fruit growers each have a representative. One member represents proprietary manufacturers, and another the co-operative and Government factories.

First-hand knowledge as to every material phase of the industry is therefore directly and readily available to the Committee for consideration by men who have made a success of their own businesses and who can speak with authority on behalf of their respective groups. The Committee is thus in no sense a bureaucracy of uninstructed persons imposing control from without on an industry it does not understand and in which it has no financial stake.

—A. R. TOWNSEND.

PLANS AND PLANNERS

By L. G. MELVILLE

"Planning is the most important recent addition to the list of 'blessed' words.", wrote Dr. Fisher in a commentary on the papers read to the Conference of the Australian Institute of Political Science.

In a sense we all plan. The laying out of income between different wants, between present and future satisfactions, is planning. The decision of entrepreneurs to produce various goods, the organisation of factories, the gathering together of the different factors of production in varying proportions is planning. This, Professor Portus assures us, is individual planning, not a conscious plan for the direction of industry. It was, certainly, not the type of planning the Conference, gathered at Canberra, proposed to discuss. All lecturers agreed that unadulterated laissez-faire was not only unthinkable, but had never existed. "Control of a sort we have. Control we are going to have. The choice is between wise and unwise control."

There was general agreement that planning of some kind was inevitable and, on the whole, desirable; there was no agreement about what kind of planning was needed. One suspected that if any plan had been put forward seriously for the Conference to adopt, the lecturers would have quarrelled more violently with it than with the existing system which they united to deplore.

No one is entitled to take any particular proposal and say that is planning. Russia, through the Five Year Plan, popularised the term, if she did not invent it. It might,

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therefore, be logical to follow the Communists and the "complete planners". But complete planning is not really practicable under capitalism.

One wished that the Canberra Conference had confined its all too brief life to a discussion of plans, probable under the governments we are likely to have in the near future, and of the idea of planning now being developed in England and on the Continent.

Thus Sir Arthur Salter's picture of a planned society developed in "The Framework of an Ordered Society" might have been taken as a basis for discussion.

This plan would not, of course, be acceptable to many planners; that is the fate of plans. Nevertheless, it would have provided a background against which the lectures given at the Conference could be examined.

Professor Portus in a paper, full of arresting ideas and vivid description, developed the idea of planning. He kept the Conference interested and amused, but left it not very much clearer as to what planning meant.

With much hesitation we extract the following tests of a planned society according to Professor Portus:—

- (1) It involves long-range, conscious planning ahead, and its purpose must be clear.
- (2) It must not be opportunist.
- (3) The planning must not be partial.

Long-range, conscious planning ahead is clearly not a sufficient test of planning. Developmental plans in Australia would fall into that category. Their purpose was clear enough. Nevertheless Professor Portus assured us that these were improvised, and, therefore, were not planning. Moreover, they were partial, and were not co-ordinated.

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Sir Arthur Salter's ordered society would meet the first of the above tests. Its purpose would be clear, and it would involve long-range, conscious planning ahead.

It would not satisfy the second of the above tests. Indeed, it would be largely opportunist. The extent to which investment would be regulated without reference to interest rates; the degree of control of industry to prevent it responding to the indexes of the price system; the amount of free competition which would be allowed to prevail; and the regulation of agriculture must all be largely determined by opportunism. But this applies to all planning which dispenses with the price mechanism. If any society, in the ordering of which opportunism plays a large part, is not to be regarded as a planned society, then we cannot have a planned society. Russia most clearly is not a planned society in that sense.

A planned society, as Professor Mises has shown, deprives itself of all those guides of rational conduct upon which the progress of economic life, in the last two centuries, has depended. "A society which refuses to allow relative prices to determine what shall be produced, must either settle the matter by fiat, or must run the risk of constantly producing the wrong things." (Professor T. E. Gregory). A planned society could and would evolve guiding principles by which to direct the uses of the factors of production. But in its practical policy opportunism must play a large part. How, for example, would a planned society, which refused to use the rate of interest as a guide, decide how high should be the standard of consumption and how great the rate of saving? This decision had to be made, recently, in Russia. Most foreign observers believe that the standard of living was set too low, and the rate of production of capital goods too high, to be in the best interests of the people. But it was opportune that communist Russia should show communists and capitalists how rapidly a planned society could advance, and, to this

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end, a heavy output of capital goods was necessary. A planned society, too, would have to decide how much of each commodity should be made available for us to buy. If it were not directed by prices, determined by the varying wants of consumers in relation to the available supply, it would have to decide, largely on opportunist grounds, how many cars we should have, how many and what kind of clothes, how much butter, bread and meat and our annual allowance of toothbrushes. It is not possible to conceive of any guiding principles being evolved which could replace the price system in the intricate task of interpreting the rapidly changing wants of millions of consumers. Again, when the planned society has decided how much people will consume, and how much they will save, it has to plan the distribution of the savings amongst the various industries of the country. "The right distribution of resources is not a problem of technology or of industrial engineering."

Not only must a planned society be guided largely by opportunism, and decide the urgency of competing wants by authority, but it must resort more and more to force, to insist upon its fiat. "It is clear that if a society rejects the index afforded by the movement of market prices, whether for finished products or for the factors of production, and substitutes therefor some arbitrary standard, it is likely to go astray, and, once having entered upon a wrong path, will be led from one error to another, i.e., in the effort to prevent its own mistakes from becoming apparent, it will be driven from one coercive act to another. The replacement of pecuniary by 'non-pecuniary' standards is not, in other words, the simple thing that it seems to those who believe that ethical catchwords are a reliable substitute for rational thinking. The further removed the principle actually adopted is from the dictates of rational economic calculation, the greater the degree of force necessary to maintain the system in being."¹

¹Professor T. E. Gregory: *Gold, Unemployment and Capitalism*, p. 292.

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I am disposed, therefore, to reject Professor Portus' test that a planned society must not be opportunist. Even if he admitted this, Professor Portus might still reject Sir Arthur Salter's plan as being incomplete. But, paradoxical as it may sound, completeness is a matter of degree. Even Communism would fail to satisfy the test if it were made rigid enough. I suspect that the desire for completeness springs from the fondness of the academic mind for logical perfection. The business of living in societies goes beyond human ideas of logic. There never has been a society which has fitted into any logical system. No one knows better than Professor Portus that history does not happen that way. Laissez-faire was not complete. Competition was never universal. Communism has capitalistic attributes.

Sir Arthur Salter has given us the outline of a planned society which can be made as complete, or incomplete, as we choose. One of its advantages is that we could at any time retrace our steps, if we found we had gone further than was opportune. It could be so incomplete and ineffective that it would not differ from our present system. Or it could be so complete that it would not differ from Communism. We now have an answer to one of the many questions Professor Portus asked. The place of private property in the means of production under a planned system will depend on how complete is the planning. If competition is permitted to occupy an important place in the planned society, private property will continue much as at present. As competition and the price mechanism are eliminated, so will private property become less important, until competition and private property in the means of production will disappear together. There can be no place for private property in the means of production in a completely planned society.

We pass from the idea of planning to consider what we ask of it. This it is not possible to state precisely, for people living in a society have different, and conflicting,

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aims. We ask that our society should be organised to produce and distribute the greatest possible volume of consumable goods and services, in a proportion which will give the maximum satisfaction. We also want it to go on producing a steadily increasing volume of goods and services, with booms and depressions as small as possible, and to avoid great inequalities in the distribution of the goods and services produced. We ask it to give us as much freedom—political, economic and social—as is compatible with other aims. An organisation of society which makes the most efficient use of the factors of production may give us booms and depressions so large, or involve so much sacrifice of political or economic liberty, as to give rise to an irreconcilable difference of opinion. Some may consider high, but fluctuating, standards of living more important than security or economic liberty; others may choose a lower standard of living, if they could thereby gain greater security and greater liberty. Similarly there may be a conflict of liberties. Some may prefer more political liberty even though it involves less economic liberty. Others would prefer economic liberty to political liberty. Another conflict arises as between the most efficient uses of the factors of production and a more even distribution of wealth. Any number of conflicts of this kind may be imagined, which cannot be decided by any process of logic. They have to do with imponderables; each person approaching the problems must devise empirically his own standards of measurements. In such circumstances no two standards are likely to be the same. It is for this reason that we cannot expect a society to conform to any particular logical pattern. Somehow or other these conflicts will be settled. It may be by compromise. It may be by the tyranny of the majority or of a minority. It may be by the marginal voter in a democracy, who is so intelligent, apathetic, or shallow that he does not know his own mind on the matter.

While we cannot decide these issues by an appeal to reason, we can form at any time some sort of an idea of

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the aims of the sovereign power in a community—be that sovereign power a dictator, or some minority or majority of the people—and then consider whether the actions taken are likely to give the expected results. At the moment it would appear that what people generally want is some mitigation of the intensity of booms and depressions. It is for that purpose that they are turning with hope to the idea of planning. No doubt the issue is confused by shadowy ideas that, if only the right plan can be discovered, not only will booms and depressions be mitigated, but standards of living may be raised, inequalities in the distribution of wealth reduced, and economic and social liberty increased. But these are not the motive forces.

At the Canberra Conference there was less discussion of liberty—economic, political and social—than one might have expected. This was the more surprising in view of the extent to which liberty has been suppressed in Russia, Italy and Germany, where planning has been most ambitious. Mr. Lee in an "Impression of the Conference" made some attempt to rectify this omission. Unfortunately he, and others, who referred to liberty, assumed that planning would increase standards of living and reduce, or remove, fluctuations in economic activity. What mattered, they then asked, some curtailment of freedom of speech, or of the whims of the consumer, if thereby the great mass of the people secured a more permanent and richer freedom? No convincing evidence has yet been produced to show that a planned society will either increase standards of living or reduce industrial fluctuations. The effects of planning on liberty should, therefore, be considered without blandly assuming these compensations.

Up to the present any nation which has started to plan has inevitably sought the goal of economic self-sufficiency. Planning under Communism in Russia, Fascism in Italy, Hitlerism in Germany, the National Government in Britain, Roosevelt in the United States, has everywhere sought this same objective. This is "prima facie" evidence that as

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soon as a country decides to reject the guidance given it by the price mechanism, it loses sight, to some extent, of the principles of comparative costs, and comes under the sway of the specious arguments of the economic nationalists. This is what one would expect. Any country which attempts to plan apparently imagines that it must exercise some control over its foreign trade. As soon as it does this, it exposes itself to the pressure of sectional interests which stand to profit if barriers are placed in the way of imports. It is difficult to find effective resistance to well-organised industries, seeking gain from the gradual strangulation of international trade. The rejection of the test provided by the price mechanism makes it easier for the Government to succumb to powerful influences, without incurring the criticism of those who have to pay the cost.

Dr. Walker considered that the "economic case for artificial self-sufficiency in a planned economy is weaker than it is under our present system" and that simple economic facts "would probably be more obvious to members of a planned economy than to participants in the struggles of the free competitive system, of which welfare of the community is but a by-product." It is not easy to see, however, why the cotton spinner, who has devoted his life to the learning of his trade, would be any more willing to see grass growing in the streets of Lancashire under a planned economy than under the competitive system. The pressure he could exert on the Government would probably be as strong as the different kinds of pressure exerted to-day, while the Government's only reason for resistance would be an appeal to that very price mechanism which it was elected to discredit.

Supposing that a planned society means economic self-sufficiency for nations, would it by that fact bring the planners nearer their goal? Dr. Walker considered that an artificial approach towards self-sufficiency would mean smaller fluctuations about a lower trend of income. He did

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not think "the degree of stability gained by self-sufficiency would be great enough to offset the lower level of income associated with artificial self-sufficiency." Since his major conclusion was that artificial self-sufficiency was not worth while, it may seem unnecessary to challenge his minor conclusion that it would give a greater degree of stability. Nevertheless, it is highly improbable that any country can gain even stability by the road of economic nationalism.

Dr. Wilson, in an admirable paper on "The Economic Implications of Planning," discussed the imperfections of the existing organisation of society, and attacked the difficult task of trying to discover whether a planned society would increase economic welfare. His criticism of the existing organisation of society was convincing enough. Perhaps it was the discontent of the logician with a world which did not fit his conception of order. But Dr. Wilson was not prepared to throw away his bone, however bare, for its reflection. His examination of the economic implications of planned societies did not give us much reason to hope that by planning we could destroy "this sorry state of things entire, and remould it nearer to the heart's desire." The enthusiast will say that Dr. Wilson's paper is merely negative. Perhaps he is just a realist. Yet, through his disappointment with the existing organisation of society, and his doubts about the new world which the planners would offer us, one can see that Dr. Wilson remains an optimist. No one but an optimist could be so impatient with the imperfections around us. No one but an optimist could see so clearly the dangers of planning, and yet be ready to plan.

Professor Giblin approached his subject of planning in Australia with much the same ideas about it as Dr. Wilson. "Planning in this sense," said Professor Giblin, "is only better planning. We are committed to planning, which in its broadest sense means only applying foresight and reason to our economic activities." Professor Giblin proved to be another realist. He did not attempt to plan a new world,

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but to improve the one we have. His special task was to picture the course planning might take in Australia. Clearly, he was more concerned with the effect of planning on economic welfare than on the elusive quality of liberty and other social ends. But, in his introduction, he told us that he was confining his paper "to one aspect only of a wide subject." We must not assume that he had overlooked the other, and to some extent conflicting, aims of the planners.

The planners were disappointed. They had been asking for a Utopia. Professor Giblin gave them a real world. The object of his plan for Australia was to increase economic welfare, by making more rational the assistance we give to specific industries by means of tariffs and subsidies; to prepare us for a world in which we may have to submit to quotas on our exports. He was prepared to accept protection. "Essentially, public opinion is for a policy of moderate protection. No other aim is likely to be accepted in Australia." There spoke the realist. "There is a deep instinctive practical judgment in favour of this policy—and there is reasonable economic justification for it, as propounded in 'The Australian Tariff.' It is a defensible national policy to use our specially rich natural resources to help out our poorer ones, within limits, and so obtain a more complete all-round development of Australia at a fairly high standard of living, and a more equitable distribution of income by automatic and unconscious adjustment." There can be little doubt that Professor Giblin is right in urging us to improve our tariffs and subsidies rather than to end them. That can be the only practical policy for Australia, or for any country enmeshed in protection. But his attempt to rationalise this programme is unconvincing. For justification he appeals to the "deep instinctive practical judgment in favour of this policy" and to "the Australian Tariff." Unfortunately, the "deep instinctive practical judgment" is almost as much in favour of many of the excesses of protection as it is in favour of protection. Professor Giblin will not find much support

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for his reforms there. "The Australian Tariff" develops an economic argument in favour of moderate protection for Australia. The argument is ingenious, but not entirely convincing. It depends for its premises upon some doubtful theory about the law of diminishing returns, and still more doubtful assumptions about the possible extension of unsheltered industries in Australia. But it remains the only policy likely to restore any sort of order to our present chaotic methods of subsidizing industry.

Professor Giblin also claims for protection that it can be used "to obtain . . . a more equitable distribution of income." That it can secure a more even distribution of income by taxing "the specially rich natural resources to help out our poorer ones" is clear. But is a more even distribution of wealth a more equitable one? Who shall say? Perhaps Professor Giblin will appeal to that "deep instinctive practical judgment." If official statistics are to be believed, standards of living have risen very little in Australia since 1907. In some other "new" or "undeveloped" countries real wages have been advancing rapidly during that same period. A case can be made for the thesis that this stagnation is due, partly, to the more even distribution of wealth in Australia than in other countries. If this thesis is true, is the more even distribution of wealth really more equitable? I leave the answer to those who understand the meaning of "Maximum social welfare" and all that.

Professor Giblin had something to say about restricting the production of wheat, so that our exports would not exceed a quota fixed by international agreement—and of apples so as to avoid gluts. He also had a plan for providing employment by means of subsistence farming, for those squeezed out of the most hopelessly uneconomic production. Some control by the State of assisted industries was also envisaged. "It should be axiomatic that any industry requiring and receiving assistance in any form, thereby makes itself subject to control both as to prices and volume of production."

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In Professor Giblin's plan one missed the committees for planning production; the sectional planning and guiding authorities; the National and World Economic Councils; the bodies of experts; the boards of investigators; the comprehensive plans and co-ordinated controls of the true planner. The lack of these trappings left the planners dissatisfied with his paper. But, perhaps, Professor Giblin was right and the planners wrong. A reform of our chaotic tariffs and subsidies would probably do more to increase economic welfare than any elaborate control of industry.

If a reference of functions to commissions, sub-commissions, committees and sub-committees were a specific, then the World Economic Conference should have solved many of our problems. "An illogical Anglo-Saxon, observing this formal dichotomy, was bound to suspect unreality," writes Professor Shann. Some idea of the difficulties of a community which transferred to committees and boards the functions now undertaken by individuals and companies under the guidance of the price mechanism, was provided by that Conference.

In spite of the many committees with resounding names set up by the World Economic Conference, perhaps the most important discussions of all, on currency stabilisation and wheat restriction, remained officially outside the ken of the Conference. Of course, these committees were set up by a Conference called in a planless world. But one felt that, even in a planned world, committees formed to regulate production and consumption would remain unwieldy, and continue to display an ignorance of economic principles. The tendency to waive or minimise unpleasant facts, even to display irritation with them when they did not fit their theories, appeared inherent in committees charged with the regulation of production, but incurring no financial loss on account of bad judgment. Authority without financial responsibility will always provide opportunities for charlatanism and graft. Professor Shann's review of planning at the World Economic Conference pro-

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vided us with illustrations of most of these failings of authoritarian planning. But Professor Shann preserved his faith in "a wider planning, a monetary policy that would permit of recovered equilibrium and an expansion of consumer's demand." He saw hope of recovery in a managed sterling standard "through the growth of capital construction . . . despite the planning at the Monetary and Economic Conference. Our worst danger is in planning by those who fear alike managed money and low prices. They may realise their worst fears."

The political implications of economic planning were discussed by Mr. Macmahon Ball. He told us that the place of the expert was on a Supreme Advisory Council. His functions would be consultative and administrative. He also told us that Parliament is too unwieldy and uninformed to debate details competently. Hence "Parliaments must be ready to relinquish many of their privileges to the Executives. To debate the principles of legislation; to elicit information from ministers on matters of public importance; to make and unmake cabinets; these are the functions which Parliament must retain." On the matter of administration, Mr. Macmahon Ball told us "it would appear that the best prospect of achieving a fully planned economy lies in the development of Statutory Corporations." He had no hard and fast plan in mind, but was prepared to adapt his plan to the circumstances in which it was worked out. He then passed to a criticism of Mr. Eggleston's book, "State Socialism in Victoria," in the course of which we gathered that state enterprises were not to be judged only by their balance sheets. We must consider their suitability as a means of development and conservation and to achieve social ends. Mr. Macmahon Ball left us in ignorance of the means by which we were to measure these imponderables—indirect benefits and social ends—but he insisted that we must take them into account.

The paper read by Mr. Lloyd Ross was, for the most part, an attack on the Premiers' Plan, the capitalist system,

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the balancing of budgets, and economists—particularly Australian economists. It seemed that, according to Mr. Lloyd Ross, whatever is, is wrong. There was no ambiguity about his ideas of what planning should consist. He made his position quite clear when he said "the only planning that means anything is Socialist planning." He would have nothing to do with any plan that did not involve the socialisation at least of the principal means of production and distribution. His first step would be "to make the Commonwealth Bank an instrument for carrying out the policy of the Government of the day; the second, to set up an investment board to control the movement of savings; and the third, to bring the private banks under state control. Side by side must go the setting up of a supreme economic council to organise development, and to bring, at last, the disconnected state socialism or capitalism into a general plan and philosophy." "Socialist banking would have to be quickly followed by socialisation of the key industries through trusts or boards."

There are two vital differences between socialist planning, as stated by Mr. Lloyd Ross, and Sir Arthur Salter's outline of a planned economy. One is in the seat of control, and the other in the time table. Sir Arthur Salter's system would "in principle grow up from below." Mr. Lloyd Ross's system would "be imposed as an external and superior set of ruling institutions from above." As for the time table—Mr. Lloyd Ross would hurry us into socialisation without an opportunity to look back over our shoulders. Once we had adopted his plan there would be very little prospect of retreat, even if we slowly realised that we had made a mistake. Under Sir Arthur Salter's plan we can go forward, carefully testing each step, and retreating whenever we make an unwise or premature move. If socialism is really the destiny of humanity, as Mr. Lloyd Ross believes, then the road Sir Arthur Salter has indicated will eventually lead us there. But there are other possible destinies. Sir Arthur Salter would leave us free to shape our course

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towards the one which at any time appeared the most attractive. Those who like logical perfection and finality will be exasperated by the thought of living in such a society which constantly changes its direction, like the weather vane.

L. G. MELVILLE.

REVIEWS

"SCIENTIFIC RESEARCH AND SOCIAL NEEDS"

JULIAN HUXLEY.

A REVIEW BY PHILIP PARKINSON.

When J. B. S. Haldane wrote "Possible Worlds" he provided a wide reading public with a series of popular essays on scientific subjects. He was one of the first real scientists to see the value of popularising the scientific outlook and he was probably the first man of such attainment in science to "descend" to journalism. But now Professor Julian Huxley has come down from Olympus to give us a still more "popular" book, "Scientific Research and Social Needs."

This book is one of the so-called Library of Science and Culture. It is written so that those who run may read it, and yet it covers most of the ground which gives thought, not only to the more serious minded "man in the street," but to the philosophers, economists and sociologists of our day. The style is almost too popular, and those chapters which are put in the form of quasi conversations between Huxley and some other distinguished people smack rather too much of wireless interviews with the personality of the week, or of "Little Arthur England" to do justice to the subject matter.

In an introductory chapter by Sir William Bragg it is explained that Mr. Huxley has undertaken a tour of Great Britain with the purpose of discovering in what ways science and scientific methods have been applied to industry and to social needs. The object of the tour is to see what has been the result of the application of such scientific methods, and the effect on the structure of society of the introduction of methods which replace labour by machines, which increase production—sometimes 100 fold—and which bring within the reach of almost all of us, many of those things which a generation ago were either undiscovered or regarded as the luxuries of the privileged rich. "The idea," says Mr. Huxley, "is to attempt to discover how far science to-day is helping to cater for the needs of the people of this country."

A long conversation is given between the author and Professor Levy in which they discuss the difference between the ancient Greek science and modern science; the former concerning itself mainly with academic conclusions and needing no practical application since the whole of the Greek society lay upon the foundation of slavery, and the latter consisting of a mass of observation, hypothesis, experiment and practical application to the saving of labour. In this chapter stress is laid upon the international character of certain scientific work. "Russian scientists," says Huxley, "did not reject the discoveries of Morgan and his colleagues on heredity because they came from 'bourgeois' America. Nor does English or German

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science refuse to see the validity of all the discoveries now being made by 'Communist science' in 'Soviet Russia. . . . Results are accepted by competent people irrespective of race, nationality, religion or class."

The contribution to society of the Universities insofar as they deal with "pure" science is discussed and then into the mouth of Professor Levy are put these words, which show the two ways in which science comes to operate on society:—

"First, science may serve certain social and individual needs, directly, by stimulating our intellectual and philosophical interests. It may expose the false basis of many of the beliefs we have inherited from the past and provide us with assured knowledge on which to reconstruct our view of life and of society. Secondly, however, science comes to society, indirectly. It may be used by those who have made it their business to cater for more immediate practical social needs."

So long as the world is organised into national sovereign states, it is inevitable that some of the practical applications of science will foster a more intensive nationalism. Science aims at making four ears of corn grow where one grew before, but at the same time politicians and industry are restricting production, whilst all over the world there are unsatisfied needs and even starvation. In this provocative way the author raises the issues about science and its contribution to society—Is it friend or enemy? Is the curse of over-production sufficiently offset by the boon of new utilities? Is the international aspect of scientific research sufficient to compensate for its contribution to a more intense nationalism and a renewed struggle for markets—a struggle which must lead inevitably to war?

"What is clear, I think"—says Huxley—"is that science is trying to work on a lot of different levels, sometimes in the service of a single firm, sometimes in that of a single industry, or again, in the service of a single nation or empire, and finally on the international level where discoveries are announced freely and fully published so as to be available to humankind at large.

"Even scientific people do not realise the extent to which they are biased. A scientific movement is an outgrowth of society and cannot help being influenced by the form of the society from which it springs, and it is for this reason that the more fundamental social problems have been kept in scientific darkness—the light has not been turned on problems of social structure, causes of war, social bias in education, the rationale of sex and so on. The very form of our society has rendered 'all these things taboo to anything that could be called scientific treatment.'" And so, having raised the issues Professor Huxley proceeds to deal with the contribution of science to man's most fundamental needs. In the succeeding chapters he deals with Science and Food, Science and Building, Science and Clothing, Science and Health, Science and Communication, Science and War. In choosing these subjects it is to be observed that the author has fixed primarily upon the essential social and biological needs of mankind, and he has to trace the development of the industries supplying these needs to an ever-growing population, with an ever-growing demand for variety. In passing he has had to

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show how the demand for food, clothing and housing is intricately involved with the even bigger problems of transport and distribution. We are shown how scientific breeding, based on Mendel's laws, has had the most profound influence on all sorts of food production, not only vegetable but animal as well. We are told of the effect of scientific study of the soil and of the application of suitable fertilizers for suitable areas and, lastly, we are told of investigations which may bring into production enormous new areas of land in Great Britain. This at first looks all to the good. Here is true progress controlled and directed by the scientific method. But then come the problems which the possibility of this increased production immediately calls forth. That the amount of food produced in the British Isles could be doubled is but a modest estimate, but how can the number of sheep be doubled if prices fall so low that the farmer's profit is wiped out? Why invent new brands of wheat which grow more bushels to the acre, if there are already large surpluses which cannot be disposed of profitably. These cries are familiar enough and important enough without taking into account the conflict between home and empire markets, or without looking at the trouble from the consumer's angle. "You have"—says the author—"very large sections of our 40 millions of people, not getting all they would like to eat, and quite considerable sections definitely getting too little for full health and growth and energy, and yet there is restriction of output and even destruction of food. That, however, is not the fault of science, but of our economic system, and how that is to be remedied is a question for economists and administrators. Meanwhile it does lie like a barrier across our hopes for a well-nourished healthy nation."

When he turns to building, Professor Huxley tells of the researches that are going on in the direction of speeding up construction, of improving materials and design, cutting down noise and providing better lighting and ventilation. It is quite clear that research is doing a great deal for building, but with all this there remain the obstinate facts of the housing situation. Eight million of the inhabitants of Great Britain live under slum conditions and, as with food, the trouble about slums and poor housing is primarily economic. Excellent houses can be built, but to let them to working class families at an economic rent is another story.

"In the main, I think it is fair to say that there is an acute conflict between two views: the views of those who regard housing as a social service, on a par with roads and water supply and sanitation, and those who regard it as a commodity to be supplied at a profit." This chapter ends on a striking note. "That by then (50 years' time) our social needs in the matter of housing will be properly catered for in the erstwhile slums, as well as in high-class residential districts, and there will no longer be the lamentable contrast between the accommodation provided for the gorillas at the London Zoo and the human population of our towns." An excellent photograph of the monkey house at the London Zoo—a magnificent example of steel and concrete construction—is inserted opposite to this page!

In the same strain through succeeding chapters Professor Huxley gives the result of his investigations into the amazing advances which have been made in the production of clothing, both in quantity,

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quality and variety, and he tells of the application of science to health and transport. Not one of all the wonders that the last 100 years have produced appears to have been omitted, and at the end of each chapter are raised the economic issues that all these great advances have brought in their train. For instance, in finishing the chapter upon Health, he says:—

"I hope I have also made clear that, however great our scientific knowledge, there are all kinds of obstacles and barriers to its being properly applied—poverty, vested interests (in the purveying of food and housing, for instance), religious prejudices (such as those which try to prevent the spread of reasonable birth-control knowledge), public ignorance and apathy, lack of social and economic planning, and so on; and that, to get it across, you need a very definite positive health policy, and great energy and determination in carrying it out."

And again, towards the conclusion of Science and Communications he refers to the problems that the development of flying has raised with regard to national boundaries, and with regard to broadcasting, he wonders firstly about the regulation of broadcasting power and secondly about the possibilities of some form of international language. One of the most interesting chapters is that for which the author chooses the title Man and Society. Here he traces the work which has been done to prevent accidents and industrial diseases, and this leads him on to some discussion of what is generally called Industrial Psychology—discovering how work may be made both less fatiguing and more efficient, and studying questions such as proneness to accident. The problems of vocational guidance—finding the right kind of job for a person, and vocational selection—finding the right kind of person for a job—both have their turn, and then comes some consideration of what modern psychology is doing.

It is impossible, even in a review of this length, to give anything but the briefest outline of all that a book like this contains. A whole article could be written on what is said about Science and War, but, from this chapter, I can take only what the author describes as the realistic attitude towards war, and it is this:—

"That, so long as there is real risk of war, the fullest resources of science should be used for two purposes, to make warfare as efficient as possible from the military point of view, at the lowest possible cost, and also to make war as unlikely as it is possible to make it, in a world of independent sovereign states."

It is upon this question of independent sovereign states that all through the book criticism is levelled, and we are constantly shown the stupidity of these barriers which clog not only human progress, but the scientific approach of its evolution.

The last chapter consists of a conversation once more between Huxley and Professor Levy, and in it an attempt is made to sum up the position. An estimate is made of the amount of money which is expended in scientific research, and a further estimate of how this expenditure is distributed. Research directly useful to industrial production receives nearly as much money as all other research put together, whilst research directed from the consumer's

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angle and for which nobody apparently is prepared to pay, receives almost nothing at all. This, Huxley, at any rate, appears to regard as entirely lop-sided, and he says:—

“With a great bulge on the side of industry and the physical and chemical sciences which help industry; distinctly undeveloped on the biological and health side and quite embryonic in the region of the psychological and human sciences. There are actually more trained research workers in chemistry in a single one of the several research laboratories than there are trained research workers in psychology in the entire country!”

Science and scientific research are at one and the same time both the reflections of the particular society in which they occur and a very considerable factor in the moulding of that society. The kind of scientific research which is done by any single nation depends very largely on the social conditions existing in that nation. Social research might be encouraged to discover what would be the effect of the application to one kind of community of the social and industrial changes already thought out and initiated in some other community. This approach must of necessity be largely international and of very slow growth. Professor Levy is particularly gloomy about the prospects, but Huxley is not, and he ends on this note:—

“With regard to the scientific bodies, I cannot help feeling that as long as they are not too ambitious, what they are aiming at is all to the good. Personally, I know that looking at science in its relation to social needs, as I have had to do for this survey, has cleared my own mind a great deal; and if the scientific movement in this country can do this and become conscious of itself, and of its limitations, and of its relation to the economic driving forces of society, that will be a very valuable step.”

The chief moral of this book, it seems to me, is that science is not the disembodied activity that some people would make out, engaged on the abstract task of pursuing universal truth, but a social function intimately linked up with human history and human destiny. And the sooner scientists as a body realise this and organise their activities on that basis, the better both for science and for society.

—PHILIP PARKINSON.

"C. J. BRENNAN: AN ESSAY IN VALUES"

(By Randolph Hughes. P. R. Stephensen and Co., Sydney, 5/-.)

By C. KAEPEL.

To sum up *C. J. Brennan: An Essay in Values* in a few words is by no means easy. It is a beautiful tribute to a great and lovable personality; it pulses with righteous indignation and scorn for those who ignored, and still more for those who persecuted him; it analyses the work of the man who was probably Australia's greatest scholar and incomparably her greatest poet (and in so doing castigates, for our good, our "literary tradition"); finally, it presents us with a masterly elucidation of esoteric Symbolism.

With the early events of Brennan's life Mr. Hughes deals but briefly. As is well known, after a brilliant career at Sydney University, Brennan proceeded to Germany on a travelling scholarship. We cannot but agree with the author for the reasons he gives so cogently (pp. 47-50) "that this was the greatest mistake Brennan ever made and nearly all his misfortunes flowed from it." There is no need to particularize those misfortunes. Mr. Hughes is, we consider, amply justified in his bitter and unsparing attack on the long delay in appointing Brennan to even a minor University post and upon later dispensing with his services; and when all the actors have "gone west" there is enough material in the Mitchell Library and elsewhere to enable the history of that tragedy to be written without reservation.

The portrait Mr. Hughes draws of Brennan is singularly happy. Here and there, perhaps, a detail is at fault (e.g. Brennan wore a wedding not a signet ring), but in all essentials it is the Brennan his friends knew.

Particularly impressive is the appreciation of his scholarship. Mr. Hughes has, perhaps, exaggerated the lack of recognition Brennan encountered, for he *was* recognised throughout Australia; and a further exaggeration is the note on the Oxford Aeschylus (p. 17); Brennan was well known to Oxford Greek scholars in 1910. But, when he gives his considered opinion that, after very close acquaintance with four of the great universities in Europe, including Oxford and Paris, and after occupying teaching posts at three of them, he has "nowhere met anyone with scholarship at once as wide and profound, as massive and delicate", he writes as all who knew Brennan would have liked to write. Purely on the academic side, of course, Brennan's record was amazing. He could, and did, at a moment's notice act as substitute for professors in Latin, French, Greek, and German. But he will be remembered, by those who knew him, not as a lecturer, but as a conversationalist and, as a conversationalist, he was one of the greatest intellectual influences in Australia.

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Mr. Hughes does particularly well to point out how fervent a believer Brennan was, even to the point of mysticism, in the European, i.e. combined English and French, tradition and that, whatever be its poetic merits, the *Chant of Doom* represented his settled opinions. He was not "national" ("supranational" is the word Mr. Hughes employs) but modern internationalism was a thing he loathed and despised and he would certainly have agreed with Spengler's description of the League of Nations as a "shameful symbol of ignoble things." In other words, as with Kipling, fervid lover of France, his cosmopolitanism was that of the patriot.

Of scholarship Brennan published but little. A few striking articles in the *Classical Review*, half a dozen remarkable papers on the Symbolists, and some essays, constitute almost everything. Aeschylus had been his life-long study ("I bit hard on the text of Aeschylus," he said in later years, "and kept myself sane") and Mr. Hughes naturally laments that nothing of his many years' work on the *Persae* and *Supplices* has seen the light. But he will be glad to learn that portion of these editions, written in Brennan's unique and exquisite script, survive, along with much else, and will form part of the "Collected Brennan" that is to appear next year.

However, it is by what he created, "by what he actually accomplished that Brennan must stand or fall", and it is to the consideration of his poetry that Mr. Hughes rightly devotes the greater part of his study.

The first point that must strike every reader of Brennan's poetry is that it is in no wise specifically Australian, "neither in tone, temper or ethos," nor in any physical or external way. Its theme is his own spiritual experiences and it might have been written in England or France, in the City of the Sun or the Valley of Many Coloured Grass. In stressing this point Mr. Hughes flays many accepted writers and critics and he could do Australia no greater service. For while, as Professor Chisholm points out in his admirable foreword, in painting we have a sound outlook, seeing that our leading painters, far from remaining insular and self-satisfied, have taken advantage of European discoveries and so given a fresh interpretation of their own environment, in literature our tradition (especially in poetry) is for the most part "hopelessly wrong, childishly anti-intellectual, and never gets beyond the cult of the stock-rider, the wattle and the bell-bird." From this curse of intellectual laziness and spiritual apathy we shall not escape unless men like Mr. Hughes, Australia's best friends, speak out as boldly and as uncompromisingly as he has done. "The pitiless Dante," writes Professor Chisholm, "was a better Italian than many of Italy's panegyrists."

A further point is that Brennan's poetry—like that of Swinburne whom he so admired and loved—is not unlettered or artless—a vast amount of scholarship lies behind it. Mr. Hughes is right in saying this point cannot be overstressed. "Brennan did not sing as the linnet sings, or bleat as the lamb bleats." It is deplorable, but none the less true that many believe "real" poetry is written in this way. The truth, however, is that practically all our greatest poets, among them Milton, the mystics, Pope, Dryden, Coleridge, Shelley, Tennyson, Browning, Swinburne were men of the highest scholarship and culture. The scholarship, of course, is never obtrusive but it is there—part of the texture—and without scholarship it is impossible fully

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to appreciate our greatest poets. Some exceptions there may be but they do not effect our generalisation that one of the salient characteristics of English poetry is the fusion at white heat of profound scholarship with consummate art; and this Mr. Hughes incontestably shows is found in all Brennan's work.

On the purely technical side, in mastery of language and metre, Brennan is amazing; but when we come to analyse his verse forms difficulties arise. There is not space for a discussion of Mr. Hughes' interesting theory that Brennan adopted the Indo-Germanic (Aeolic) way of scansion. Personally we do not believe that he did and certainly he never, so far as we know, mentioned the matter to his friends. Be that as it may, the theory has inspired a chapter as scholarly as interesting.

Finally, Brennan's poetry is seldom "crystal clear." That this is not due to confused thinking is made evident by the study of his pellucid prose. It is due to the fact that he is the only writer who has introduced "Symbolist art in an unadulterated and consistently pure form into English poetry." Mr. Hughes devotes about one fourth of his book to the elucidation of esoteric Symbolism, particularly that of Mallarme, most authoritative of the Symbolists and chief influence in determining Brennan's aesthetic theory and practice. Of this discussion, Professor Chisholm, on reading it in MS., wrote, "it certainly will have repercussions in European thought." Since then Professor Chisholm's *Towards Herodiade* has appeared and the two books, so far as we know, constitute the only adequate appreciation of the subject in English (for Symon's *The Symbolist Movement in Literature* only touches the fringe). Fully to discuss the matter would take us beyond our allotted space but there is the less need for regret as the substance of these chapters has appeared in Mr. Hughes' article in *The Nineteenth Century* of last July. We shall, therefore, confine ourselves to certain points of partial disagreement. The author has, perhaps, underrated the influence of Schopenhauer upon the Symbolists. It was mainly through him that, disgusted with the cocksure positivism of the nineteenth century, they tried to recreate a psychic world, using phenomena as mere symbols for the expression of spiritual values and experiences. Brennan, on the other hand, saw it was impossible to deny the objective world but was fascinated by the Symbolist idea of the absolute and tried to attain it through the real. "The Mallarmean concept of the Absolute," says Professor Chisholm, "goes so close to the metaphysic of the Void as to constitute a danger, despite its great beauty, to European thought." With Brennan this is not so. The magical element in his poetry is the divine—shimmering through phenomena.

In choice of quotations Mr. Hughes is singularly felicitous, whether in single lines or couplets like—

 trophies and glories whence a trouble streams
 of lamentable valour in old dreams

or in the poem, perhaps Brennan's greatest, with which he concludes—

 The window is wide and lo! beyond its bars
 dim fields of fading stars
 and cavern tracts, whence the great store of tears
 that Beauty all the years

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hath wept in wanderings of the eyeless dark,
remembering the long cark
whereunder we, her care, are silent bow'd,
invades with numbing shroud
this dwindling realm of listless avatars.
Dim fields of fading stars,
and shall yet ye with amaranth rapture burn
and maiden grace return
sprung soft and sudden on the fainting night,
rose passioning to white;
or must our task remain and hopeless art
that sickeneth the heart
from yon dull embers to evoke the ghost
of the first garden lost
sad necromancers we? Then let the blast
that waked yon ancient, cast
into the deeps your useless lagging dearth,
O blazon'd shame of Earth,
who then might hail the last oblivion,
knowing you doomward blown
before the advance of night's relentless cars,
dim fields of fading stars.

To read these verses and realise something of "their monumental bigness, their far sweeping cosmic vision, their receding avenues of suggestion, their subdued but full music," is to realise that Brennan's life was well used, was well spent. He was unnoticed in his work, he was ignored in his achievement; but he has left behind verse that will be read when our Empire is a thing of the past, when our tongue is no longer living speech.

C. KAEPPPEL.

“THE STORY OF AUSTRALIAN ART”

(By William Moore.

Angus and Robertson Ltd., Sydney, 50s.)

For some years past those who are interested in Australian art have been looking forward with interest to the publication of Mr. William Moore's book, for he was known to have spent many years collecting the material for a detailed account of Australian painting from its earliest days. Mr. Moore has been a well-known art critic and at all times the friend of artists all over the Commonwealth. Much was expected of the book, and now that it has been published, it is a little difficult to arrive at a just estimate of its worth. Those who had looked forward to a critical appreciation of Australian painting will doubtless be somewhat disappointed, but at the same time the book contains such a wealth of biographical information that it will always be useful as a book of reference.

This biographical information in which the book abounds is sometimes of great interest and value, but more often it is of a gossipy, anecdotal character, a record of ephemeral events and personalities that it seems hardly worth while to have made permanent. But amongst this mass of petty detail we do find here and there evidence of a patient research that has brought to light important facts. Take, for instance, Mr. Moore's account of Thomas Griffiths Wainwright, that curious character who came to Tasmania as a convict in the thirties of last century, and painted portraits of the worthies of the Hobart Town of that period, pictures which have considerably more artistic value than most of the early portraits that survive: or again, the facts that Mr. Moore has been able to present on the subject of William Dexter, whose beautiful “Wood-duck” is now in the Melbourne Gallery. But information of this kind is interesting only when it concerns painters whose work is, in however slight a degree, a definite artistic achievement, and as we read page after page of detail concerning people whose artistic endeavour would be in most cases best forgotten, we are inclined to lose interest.

Though the book is in fact called “The Story of Australian Art,” a title which perhaps implies stress on incidental rather than more important considerations, it yet seems strange that never once are we given a critical analysis of a picture. We are perhaps told under what conditions it was painted, who did own or now owns it, how much it was sold for, in fact we are told everything about it except the reason why we should be interested in it as an artistic achievement. We read much about Charles Conder, but we are told nothing of the delightful lyric charm, the sensitive feeling for colour that will make his work live: we know that Streeton and Roberts were known to their intimates as “Smike” and “The Bulldog” respectively, but of the qualities of those beautiful early landscape of the one, and of the delightful series of feminine portraits painted by the other, works full of the charm of that enchanting period, the ‘nineties, we are told nothing. Throughout the book little or no consideration is given to the aesthetic value of the works discussed, nor is any attempt made to trace in a serious critical spirit the

"The Story of Australian Art"

development of Australian painting, or estimate the real achievement of any particular painter. Such details of the sales of pictures and the prices obtained for them as are to be found in the chapter entitled "The Boom," should find no place in any serious work of this kind, except possibly in an appendix.

Again, the whole book gives the reader an impression of lack of organisation. It is ill constructed and diffuse in plan, but considered as a book of reference, this defect is partly remedied by the very excellent index, and every praise must be given to the section entitled, "Dictionary of Australian Artists".

The illustrations are numerous, many of them being of considerable interest, but one feels that some of the pictures reproduced can have no very important place in the history of Australian painting, and the fact that such a painter as John D. Moore is unrepresented makes a painful omission. There are too many portraits in the book, and the space devoted to them would have been better filled with other reproductions of paintings. The colour blocks are poor in quality, and one cannot help feeling that if a firm of the experience of Art in Australia, which has published so many fine books here, had had a hand in the production of this one, it would have been much more a delight to the eye.

Nevertheless, Mr. Moore deserves the warmest thanks of all those who are interested in the subject for his years of patient effort under the most adverse circumstances, and his book will always remain as a source to which enquirers into the history of early painting in this country must turn for information.

"THE GREAT DEPRESSION"

(By LIONEL ROBBINS.)

There have been many books written by professional economists and others about the present world depression and there will in all probability be many more published before the last word is said, if ever it is. One of the latest additions to the growing list is "The Great Depression", by Professor Lionel Robbins of the University of London, who is regarded as being in the first rank of English economists, though he is not as familiar to the public as his famous contemporary, Mr. J. M. Keynes, perhaps the best known and least understood of them all.

There is no mistaking the central thesis held and propounded by Professor Robbins nor the general trend of his economic philosophy. He is a straight-out supporter of capitalism by which he means that the forces of enterprise and the disposal of resources should be allowed to be governed by the market. He is, however, careful to guard himself against the charge of advocating anarchism or laissez-faire. Such abstractions find no place in his mental equipment. All that is contended is that, if the ends of stability and progress are deemed desirable, States must abstain from certain forms of intervention which analysis most clearly shows to be inimical to the achievement of those ends. The book traces the course of the depression and analyses its causes. There is an interesting chapter entitled "Misconceptions" which is worth the attention of those who would avoid the pitfalls and fallacies of the intricate, but by no means inexact, science of political economy. In this chapter Professor Robbins attempts to dispose of the belief widely held, that a shortage of gold, or even its maldistribution, was a prime cause of the slump. The argument is convincing though it directly challenges the opinion expressed by the great Swedish economist, Gustav Cassel. It will be remembered by students of the American pre-depression period that Cassel held that the monetary authorities did not allow an expansion of credit which would appear to have been justified under the rules of the gold standard game. Robbins, however, contends that in 1927 and 1928 actually an expansion of credit on a declining gold basis took place in the United States and the statistical evidence he adduces in support of his view seems to be incontestable. Similarly he points out that the Bank of England in the years 1926 to 1931 was also, of course quite contrary to popular and some professional conceptions of its policy at that time, offending against the rules of the same game by increasing its holding of securities almost exactly to the extent of its gold losses and in this connection Sir Earnest Harvey's evidence before the MacMillan Committee is quoted. The phenomenon of a stationary price level accompanied by increasing productivity Professor Robbins regards as an indication of inflation, for economic principles would suggest that prices should fall during a period of increasing productivity. This disguised inflation during the period 1924-29 in the opinion of Professor Robbins was a prime cause of the subsequent trade depression. In other words the genesis of the slump may be attributed to the effects of a credit expansion which was relatively greater than the upward movement of productivity. Later, other factors such as structural weaknesses and political accidents have all played more or less important parts in accentuating the severity of the depression. He concludes thus:—"It was not old fashioned practice but new fashioned theory which was responsible for the excesses of the American disaster."

"The Great Depression"

Professor Robbins is a strong opponent of schemes which have as one of their chief objects the maintenance of debt structures which are out of line with economic realities. He indicates that such schemes of intervention, whether state controlled or not, may easily have a disturbing effect on the flow of investment and cause relative immobility of liquid capital resources. There is something here which might be studied by governments and other institutions which are rightly anxious to promote the investment of capital in private enterprise. Our author is no planner. Indeed, in a chapter entitled "Restriction and Planning", there is a closely reasoned attack on planning which is held to be indistinguishable from socialism except as the result of intellectual confusion. Professor Robbins asks many questions which planners will have to answer satisfactorily before any of their plans can be accepted as an effective alternative to control by the price mechanism.

Tremendous importance is attached by Professor Robbins to the re-establishment of the Gold Standard at some fixed parity, especially in Great Britain. He believes with Professor T. E. Gregory that the short term effect of competitive currency depreciation has been on the whole deflationary so far as gold prices are concerned. He holds that the great financial centres of the world, London, Paris, New York, and Amsterdam should be working on a fixed exchange basis and, indeed, until they are there seems to be little prospect of enduring conditions of recovery setting in. It is known that there is a growing body of expert opinion in Great Britain in favour of the stabilisation of the external value of sterling on some gold basis as a condition precedent to any sustained economic revival and it would not be altogether surprising if before long Great Britain decided to return to a gold parity which would be acceptable to both Paris and New York as well as to English industrial and financial interests.

The chief incidents of the depression are briefly and clearly traced. This ground, of course, has been well covered by other writers in greater detail than Professor Robbins gives it, but a recitation of the chief events in the context is essential. There are some useful statistical tables included, particularly one which shows the ratio between bank deposits and bank debits in some important countries over a long period.

The book should be widely read. Eighty per cent. of it is non-technical and can be readily understood by the average reader who is prepared to make an effort to inform himself on important public questions. Professor Robbins believes that, ever since the outbreak of the war in 1914, the strength and adaptability of capitalism has become increasingly impaired. Since the war monetary mismanagement and state intervention with the object of propping up non-economic structures has made its efficient functioning impossible. Only by allowing capitalism to operate in accord with its fundamental principles can slumps of the character we have been discussing be avoided and planning and restriction schemes be relegated to the background. That, at any rate, is Professor Robbin's view and there are many who will share it. Australians may have to face this issue sooner than they expect. Indeed, is it not now before us for decision?

—D. A. S. CAMPBELL.

"AUSTRALIAN LAND TAXATION"

Mr. Garland in his treatise on Land Taxation has investigated a section of the Australian Economy which invited expert discussion but has hitherto been almost wholly neglected. His subject is the operation of the systems of Land Taxation which are, or have been, in force in Australia, in the States and in the Commonwealth. The greater part of his book consists of an analysis of the aims and the results of the Commonwealth Tax, and he ignores local taxation on Improved Values or Annual Improved Values. His plan is to set out the antecedents of the Commonwealth Tax, to state and criticise the aims of its supporters, to set out in some detail the manner in which the Tax has been assessed with the methods of valuation adopted or propounded by the Department, and allowed or disallowed by the Courts, and then to estimate results, the extent to which large estates have been broken up or revenue derived from land and the comparative amounts derived from urban and rural lands. To show the vague ideas with which the Federal Land Tax was initiated Mr. Garland quotes two significant extracts from a speech by Mr. Hughes when Attorney-General in Mr. Fisher's Administration—"Where should we go for revenue rather than to the land, which is the source of all wealth and the means whereby all wealth is obtained," and again "This Bill imposes a tax of such a nature as will largely put an end to land monopoly, will check the aggregation of great estates and enormously facilitate settlement on the land," and again—"We have a Continent richer in its resources than almost any other, certainly fit to rank with any equal area that we know of—acre for acre."

Mr. Garland sums up the three motives for the imposition of Land Taxes—(1) The need for revenue, (2) the resumption of some part of the unearned income of land, and (3) the breaking up of the large estates. For the attainment of this third object the Tax was an unscientific instrument. It fell on land unsuitable, as well as on land suitable, for settlement, and as far as rural taxpayers were concerned it was paid in the end out of one product—wool. Mr. Garland quotes the estimate of an official, that of the £920,000 contributed by rural lands, £630,000 was contributed by sheep, something like fourpence in the pound for the average flock, or a much higher rate for a large holding.

The revenues from rural and urban lands are compared in a valuable series of tables, which show that gradually the urban assessments have increased till they now exceed the rural, and that New South Wales has been the heaviest contributor, Victoria proxime accessit. Mr. Garland admits the impossibility of accurately determining how far the Land Tax has been instrumental in breaking up large estates, or forcing them into cultivation. Too many different elements have affected land values in recent years to enable anyone to say why they have been maintained or why more land has not come into the market. Mr. Garland gives some obvious reasons why the field of land taxation should have been reserved for the States and why what is avowedly a means of social change should be renounced by the Commonwealth. Osborne's Case may have been well decided,

“Australian Land Taxation”

but it offends against the spirit, if not the letter, of the Constitution. On the whole Mr. Garland thinks that the Tax has been more successful than its advocates had any right to expect. It has been one item at least in the programme which in the opinion of some authorities has helped to preserve us from brown and black shirts and blue eagles and red flags. There are some criticisms of minor importance. Historically, we do not think sufficient importance is attached to the example of New Zealand. Geographically, we suggest that the statement accompanied by maps that “Rainfall is usually admitted to be a good general test for the purpose in Australia” (of estimating the capacity of certain regions for intensive cultivation) needs rather drastic modification. Lastly, Mr. Garland’s style is refreshingly clear and precise, except when he indulges in metaphor or uses the term “equity”. Even an Economist is entitled to an occasional purple patch, but sometimes Mr. Garland’s humour seems inappropriate to so grave a subject as Land Taxation. The index is defective and does not contain the name of Reid or Huie.

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THE REPORT OF THE NEW ZEALAND PARLIAMENTARY MONETARY COMMITTEE

The report of the New Zealand Parliamentary Monetary Committee which was forwarded to the Prime Minister on 24th July, this year, though somewhat technical in parts, is of general interest in these times. The Committee was appointed following upon numerous requests by organisations and individuals for an inquiry into the present monetary system and it was also required to investigate projected systems which it is held in some quarters, would, if put into operation, be improvements on the existing one. The Committee comprised eleven members and produced two reports and a critical review of the majority report. The majority report was signed by six members and the minority report or Memorandum of dissent, as it is called by four members, whilst the Hon. W. Downie Stewart issued an explanatory statement as to why he could not sign the majority report. It is difficult to understand on his own statement, why Mr. Downie Stewart ever consented to serve on the Committee which of necessity must have inquired into some of the subjects which he considered it superfluous to examine. Although, no doubt, it is possible to point out minor inconsistencies the chief conclusions of the majority report are clear enough. Likewise, the minority report leaves little doubt as to the principles on which the signatories consider the government ought to proceed to base its monetary policy. Though the report does not recommend any drastic changes in the financial system of New Zealand it is by no means framed on traditional lines. Some of the trading banks' charges are criticised in relation to their dividends, a criticism which on the evidence seems justified on the assumption that the profit motive in banking ought to be subordinate to the provision of cheap and efficient service to the public. It is difficult to see how the banks can survive in their present form if they work on any other basis. The gold standard is rejected as a basis for the New Zealand monetary system on the ground that sterling is more important to New Zealand than gold and for the rather curious reason that New Zealand has never been on the gold standard. Most countries off that standard would advance precisely the opposite reason against a return to it—viz, that they had been on it. Certain amendments to the Reserve Bank Act are suggested which are designed to give the Central Bank wider discretion in certain matters particularly in the amount of long dated Public Securities that can be held by the Bank. It is suggested that the Bank should be empowered to buy long term securities up to say three times the amount of its paid up capital and reserves. This would increase the Bank's present power to undertake open market operations.

After a general review of the economic and financial structure of New Zealand, which is well done, the report arrives at the conclusion that the present depression is not due to monetary causes at least so far as monetary policy, or the lack of it, as practised by the dominion is concerned. Having established the thesis that the depression was caused by the operation of non-monetary influences

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of an external character it was not likely that the Committee would find that, in principle, recovery could be based on the application of any monetary policies inside the dominion. This involves rejection of the Douglas Social Credit System, and other schemes some of which are closely analysed. It is a pity that some of the more important evidence was not attached to the report for in some instances the committee appears to be discussing questions "in vacuo" whereas, it is in reality meeting and answering propositions put before it, but which are not always clear to the reader who has not had access to the evidence. Not the least interesting part of the report is the emphasis placed on the need for independence as regards monetary policy, and it is asserted that in the past New Zealand has not been financially independent as the majority (5 out of 6) of the trading banks operating in New Zealand have their controlling directorates either in Australia or Great Britain. The Treasury in a statement submitted to the Committee considered that New Zealand banking and exchange policy was largely based on Australian conditions and concluded that dependence on external financial control had not been in the best interests of the dominion. This may or may not have been the case, but it does not seem that any convincing evidence has been put before the Committee to support the contention of the Treasury.

In an interesting review of post-war exchange policy it is contended that the Australian position controlled the New Zealand situation, but the Committee apparently overlooked the fact that the New Zealand exchange did not depreciate on London to the extent of the Australian £1's depreciation in 1931. It is true, of course, that if one important bank which exercises a powerful influence in both dominions had had its way earlier, the New Zealand exchange on London would have depreciated much sooner than was actually the case but the fact remains that New Zealand banking and Government influences prevented depreciation of the New Zealand £1 on the Australian scale until much later. Moreover the statement that "the Bank of New Zealand has 50 per cent. of the total business of the trading banks and could thus determine the rate for advances," does not altogether square with the complaint of external banking control.

However, the claim for independence in these matters was too strong to be resisted and the creation of the Reserve Bank of New Zealand has now taken control of financial policy out of the hands of the trading banks. It is this fact which makes the report a little unreal, for the Committee is essentially enquiring into a situation which is in a state of flux. The new system must be given a chance and it at least ensures that the control of monetary policy will be more public than it has been though whether it will be better or not on that account remains to be proved.

The most spectacular part of the report which naturally found its way into the Daily Press of both Australia and New Zealand concerns the profits and charges of the trading banks. It is considered "that for the future and as a definite policy the profit motive in banking should be strictly subordinate to that of service to the national interest." This may mean anything up to the socialisation

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of deposit banking. It is not clear how far the Committee would be prepared to go in this direction but it has not chosen its words with care if it intended that the socialisation of banking was to be excluded as a possible alternative to the present system.

There are some interesting dissertations on the general price level, the quantity, theory and currency inflation. In regard to the last mentioned the temptation to refer to the German inflation of 1921-23 could not be resisted.

Some of the economists are quoted as advising the stabilisation of the exchange at 125 and even definite devaluation at this figure is advised by Mr. D. O. Williams and Professor Belshaw. It does not seem to be appreciated that on the assumption that devaluation is desirable, the level at which stabilisation would take place would appear to depend to a very large extent on the likely movements of gold and sterling prices. In view of the present uncertainty of sterling prices it is by no means sure that devaluation at 125 would be in the best interests of New Zealand. If, of course, the Government was prepared to pursue a deflationist policy should overseas prices decline further, possibly stabilisation at 125 could be justified at this stage. But in view of the uncertainty as regards future price movements and the known social and political difficulties attendant upon a severe deflationist policy the argument against immediate devaluation seems fairly substantial.

The Committee decided in favour of devaluation at 125 (£125 N.Z.—£100 E.). However, it felt "that whilst the rate of 125 should be the normal parity (whatever that may mean) it should not be acceptable as unalterable" and the evidence of Mr. H. W. U. Haddow in favour of variable exchanges is quoted in the report with approval. The chapter on the rate of exchange is excellent, and presents very clearly the various aspects of this complicated problem and the considerations which require to be borne in mind when discussing it.

The minority report is in reality an abbreviated Douglas Credit criticism of the existing system with some so-called reformatory schemes included. One wishes the solution of the present difficulties were as easy as suggested in this minority report. If the two reports are read together as they should be the informatory nature of the majority report and its logical conclusions are greatly emphasised.

D. A. S. CAMPBELL.

THE CINEMA AND BROADCASTING IN AUSTRALIA

Reports Presented to the Pan-Pacific Conference of Women, 1934.

(I)

Since the last Pan-Pacific Conference of Women met in 1930, much has happened in the Film Industry, and certain developments are to be noted in the attitude of the general public in Australia towards various sections of the trade. All that has been said many times before about the effect of films on the minds of children and adolescents still holds good. But the concern felt at these effects is no longer confined largely to educational authorities or to social workers. There is an increasing consciousness of them among the lay public. Parents are beginning to realise their responsibilities now, though unhappily it is just among the classes where parental discrimination and control are most needed that parents still show themselves most heedless. Again, national consciousness has been stirred since British pictures have been imported into this country in greater numbers and a definite start has been made with the production of films in Australia.

At the beginning of the four years under review (August 1930-August 1934), the film industry in Australia—that is to say, the distribution and exhibiting interests—in spite of omens which could have been interpreted with more wisdom, was flourishing. A Federal Government, which had threatened to tax gross receipts instead of skilfully manipulated profits, had gone out of office. True, the succeeding Government, in order to get more revenue from this source and to remove suspicion of partiality and influence, had raised the import duty on film footage. But the increase as yet was only slight, and the duty was now at the rate of 4d. per foot on all films not produced within the British Empire. Then came the world depression, which hit Australia before it reached the United States of America, and some of the chickens came home to roost. The foolishly lavish competitive expenditure on over-ornate theatres had brought one of the two big organizations, which together have gone far in monopolising the exhibiting side of the trade here, perilously near to bankruptcy.

Looking round for someone to blame for their plight, the company concerned drew attention to oppressive charges levied as film hire by various distributing companies. The result was the "Film War" of the early months of 1933. During this time a number of statements were published in the Press by the combatants on either side. No doubt the Commonwealth Government were struck by the huge sums made and paid within the industry. Also they became acquainted with the fact that it was now usual to import only one print or negative of a film on which duty had to be paid and to have copies duplicated here. It was apparent that in this way a great deal of revenue to the Government was being lost, whereas employment in the film laboratories in this country was not increased commensurately. The Government therefore decided to increase the duty to 1/- per foot on negatives and soft positives from which

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copies could be taken. Unhappily that put the distributor of Continental films—for example the UFA Agency—out of business. The single copy which frequently fulfilled his requirements in the limited market he was able to command here had to pay exactly as much per foot as the master print or negative imported from U.S.A., from which at a trifling cost eight or a dozen or even more copies were taken and circulated through the ready channels of a continent-wide organisation. From the standpoint of the Government the increased duty was not inequitable. It was, however, in response to protests and representations reduced later in the year to 8d. per foot. There it now stands.

Still, the recurrent friction between several distributing companies and the two big exhibiting interests, which last year entered into a partial amalgamation, has produced yet another "Film War" this year, whose echoes have not died down even now. Clamours in the Press and appeals for Government interference in New South Wales led to the appointment of a Film Commission to investigate complaints and scrutinize evidence. As far as regulation of the industry is concerned, that is mainly a Commonwealth matter which the State Government could hardly touch. But one of the points raised was whether American-controlled companies distributing Hollywood productions should be allowed to enter the field of exhibition by building their own theatres in this State. The Report issued recently by the Commissioner, without being in any way binding on the New South Wales Government, found that restriction of proposed activities of this kind on the part of foreign companies was not according to British ideals of free competition. And it may be taken for granted now that the State Government will not refuse licences to theatres owned by American distributing interests.

The canvassing of arguments and pleas on either side, if it has done nothing else, has opened the eyes of the public considerably. Though sympathy has been expressed for the struggling independent exhibitor, on the whole the disclosures have not endeared the trade to the thinking public. They have perhaps not been much exercised by the peculiarly grasping methods employed by the principal company handling projection apparatus. That is a matter for adjustment within the trade itself. But they have come to see that "blind" and "block" booking of pictures—that is, the compulsory purchase of pictures before they have been shown to exhibitors or even made, and the enforced purchase of a mixed bag of pictures, good, bad and indifferent—robs exhibitors and their public of the semblance of choice in their local theatres. Many people have also latterly become aware that frequently in the case of theatres that change their programmes twice or three times a week inferior films are deliberately arranged for Saturday nights, when the theatres are sure of patronage without making efforts.

There is a general consensus of opinion that technically films have made great strides within the last two or three years. Some films from Hollywood are really brilliant in their execution, and the best British films have improved out of sight. With regard to their subject matter, there is often much to be desired. We are surfeited with American gangsters, and each spectacular musical film from Hollywood seems to vie with its predecessors in the matter of unclad ballets. That the Roman Catholic Church should be lifting its voice here as well as elsewhere in the world against these and other productions it considers undesirable, is scarcely to be wondered at.

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Nor is there adequate catering for intelligent audiences. The trouble is, of course, that Hollywood films are largely adjusted to the mental level of the Middle West, or aim at a universal appeal, and cannot therefore aim very high. There have been, however, some refreshing exceptions. And there are signs that some production units are developing respect for their audiences.

The exclusively American tone of the cinema has been somewhat modified by the increase in the number of British films shown and by the achievements of English players in Hollywood films. After a big advance in the proportion of British films released in Australia during 1931, there has been in succeeding years a steady though less remarkable increase. The latest published figures are as follows:—

Full-length Feature Films	1930	1931	1932	1933
	%	%	%	%
United States of America	525—90.5	368—79.0	378—76.4	332—71.7
United Kingdom	50—8.6	91—19.5	112—22.6	108—23.3
Other Countries	5— .9	7— 1.5	5— 1.0	23— 5.0
TOTALS	580	466	495	463

These statistics do not, as a matter of fact, do justice to the popularity attained in this country by British films. It was stated at the Film Inquiry held in Sydney recently that the average playing time of British pictures was nearly double that of American.

Naturally this achievement, which seems likely to be a prelude to further advance, is a cause of gratification to thoughtful and patriotic persons. The balance of trade alone would make the increase in imports from Great Britain an advantage. But that is a consideration that certainly occurs to very few of the people affected. What moves opinion is that we are in Australia related by ties of blood and tradition to Great Britain. Though the Eastern States of this Commonwealth are nearer in distance to America, and though, largely through the early monopoly exercised by American film interests and the still great predominance of Hollywood films that are released here, a steadily Americanising influence has been at work, British sentiment must bind us to our kinsfolk.

Not that British films have won their way purely through sentiment. Filmgoers, like other purchasers of goods or entertainment, seek value for their money. And for many years after the War the quality of British films, with some honourable exceptions, was all too poor. Even now misguided policy on the part of British film distributors is responsible for the too frequent release of old and poorly produced films which merely serve to bolster up the early prejudice against British films as a whole.

It is particularly regrettable that Continental films have never had wide currency in Australia, and that the present customs duty raises for them a still higher hurdle. Australia's isolation from the great European centres ought, if at all possible, to be mitigated by

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facilitating the entry of those countries' cultural products. And films are the obvious means of introducing one people to another. The New Zealand system of free imports and taxation on earnings seems distinctly preferable to the Australian method of getting revenue from the industry. The suggestion to adopt the New Zealand system in place of the present one has been made to the Government now in power, but it has not been received favorably.

The question of film censorship has come up again for discussion quite recently. For some years a uniformity of censorship throughout the Commonwealth has seemed a reasonable objective, but some States have hesitated to divest themselves of their very rarely exercised powers. Queensland has no State censorship. Tasmania has lately abolished its local board. But Victoria still settles appeals from the Commonwealth Censor's decisions through its own Appeal Censor without reference to the Commonwealth Appeal Censor. South Australia has a State Advisory Films Censors Board, though it seldom acts. When action has been taken it has been more often against undesirable advertisements of films, a constant source of reproach and offence. In New South Wales the State Censorship, consisting of officials from the police and the Chief Secretary's Department, is usually quiescent. It has, however, lately banned for exhibition within the State a film dealing with the last of the bushrangers. This film has since been passed by the Commonwealth Censor for exhibition in Victoria and in the States which do not exercise their own censorship. And comments have been made as to the illogicality of banning a film which is based on genuine historical incidents, presumably because its influence might be subversive, while the State Censorship looks with a blind eye on the numerous gangster and racketeer films imported from America. It has been pointed out that these films have frequently given a demonstration of up-to-date criminal methods which might well incite reckless young persons to crime.

As regards the influence of films on children and young people, it is still felt that much unwholesome suggestion is conveyed in this way. Apart from the glorification of crime, there is a good deal of unnecessary vulgarity and of sex exploitation. Speech and manners of the young are still being corrupted. In all these respects it is the Hollywood film that is principally to blame, though British films have been justly criticised on occasion. From time to time agitations are raised to keep children from witnessing films other than those marked by the Censor as for General Exhibition. But the attempt to prevent children from attending adult programmes broke down in Victoria. On the other hand, it is not desirable to limit adult audiences to films designed for children. More discretion might well be used by parents. What would be a partial solution of the problem would be to secure that Saturday afternoon matinees, which are at suburban theatres largely attended by audiences of children, should consist entirely of films suitable for them. Though the scheme is not favoured by exhibitors on the grounds of expense, it might feasibly be enforced.

Quasi-educational short films find a place on many regular theatre programmes, and scattered experiments have been made in exhibiting films to schools. But so far the use of the cinema for purely educational purposes has hardly been realized in Australia.

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Local production of films has gone forward in Victoria and in New South Wales during the last two or three years. Such pictures are popular in Australia and have gained a moderate success when exported. The Federal Government has also tried to stimulate local production by the offer of prizes for scenarios and completed films. On the first occasion the results were not glowing. The second award of prizes will take place at the end of this year. Meanwhile recommendations for a compulsory quota of Australian films are being strongly supported by some sections of the trade and public.

The general feeling here as to Australian film production is that the pioneers of the industry deserve very much credit, and they are obviously improving their standard of work with each effort. There is, however, alarm expressed in some quarters at the exaggeratedly bucolic types mostly chosen for presentation so far. It is anticipated that these pictures will damage Australia's prestige in countries where ignorance of actual Australian conditions is still profound.

—BEATRICE TILDESLEY,

14th July, 1934.

(II)

Probably no invention of the last few years, with the exception of moving pictures, has affected the lives of ordinary people more than broadcasting. Like the cinema, it came upon us almost unawares, and even those who prefer to shun its manifestations are unable to do so completely. Like the cinema again, in each country where it is established—that is to say, almost everywhere—it has received a strong impress from the views taken of their function by those in charge of its management at the beginning.

Broadcasting in Australia began about 11 years ago with the experiments of amateurs. Soon private companies were granted "A Class" and "B Class" licences to broadcast, and fees for listeners' licences were paid by those who owned receiving sets. The first main change in the direction of Government control occurred in 1929. In that year the Postmaster General's Department bought the "A Class" stations in all States and shortly established the National Network by means of which programme items could be relayed from one "A Class" station to the others. Under this arrangement for the next three years, though the transmission was in charge of the Government, the programmes themselves were provided by the Australian Broadcasting Company. At the end of that period, in 1932, the Government decided that so important a utility as broadcasting should be vested in a public body. Accordingly the Australian Broadcasting Commission, consisting of a board of five members, was appointed. These appointments to the board were made for five years, but recently the Chairman resigned after two years' service on account of the pressure of his private business affairs. A new chairman has taken his place, but he has not yet had time to give any indication of change or modification of the policy followed by his predecessor.

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Reference has been made above to "A Class" and "B Class" broadcasting stations, and it is important to realise the distinction in order to estimate the conditions of compromise under which broadcasting has been carried on in Australia since it has been partially subjected to Government control. It was open to the Government to imitate either the British system or the method followed in the United States. In effect, it blended the two. "A Class" stations, which now number 12 distributed throughout the States, are regarded as giving a service to the public, and, like the British Broadcasting Corporation, they keep advertising out of their programmes. The expenses of their organisation are made good from listeners' licences. They are not run for profit.

"B Class" stations, which have increased throughout Australia to the number of 52, on the other hand, get no revenue from licences. They depend on the sums collected from advertisers over the air. In this respect they resemble the radio systems operating in the United States. But their advertising until recently has been mostly confined to brief eulogies of the wares advertised inserted between items of entertainment. The "sponsored programme," which has been the means of bringing a great deal of first class music to listeners in the United States, is a fairly new departure here. It remains to be seen whether wealthy advertisers will continue the attempt to ingratiate themselves with the public in this way.

When the Commission set out to organise its national service, it also was faced with two alternatives. Either it could regard itself as a body with a duty to educate the public and assist general culture, or it could endeavour to please listeners by giving abundance of light, popular music and comedy sketches. Whatever the policy adopted of programme building, there was bound to be criticism and censure from some section of the public. If the members followed the example of the B.B.C., it was likely that they would be blamed in the first place for giving too much classical music to a jazz-hungry public, and later, when listeners grew to demand classical music, there would be equally bitter complaints about the preponderance of light stuff. Working on the resources at their disposal, they decided to hasten slowly in the direction of including broadcasts of symphonic and chamber music, breaking the toilsome ascent with a plentiful supply of popular tunes and light opera.

On the musical side the result of the Commission's efforts has been fairly satisfactory as far as regards the amount of really good material that has been included, considering the difficulty of finding musicians capable of interpreting it. Where it has been criticised is in giving a glut of symphonic music within the space of a few weeks and then allowing a long pause before the next big musical season. As the Commission has brought out eminent performers for this purpose, whom it probably could not induce to make a long stay here, that criticism is perhaps not quite fair. On the other hand the Commission has not offered sufficient rewards or encouragement to local artists to make it worth their while to devote themselves to broadcasting. Yet there is a fair number of reliable performers on the spot whose talents could be used and developed.

Another, and perhaps greater, defect of the system has been the faulty transmission of concert music from concert halls. It has

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been said in extenuation that a good deal of the apparatus used is old and imperfect mechanism taken over from the original private broadcasting company. If so, that should have been replaced by this time with the funds at disposal from listeners' licence fees. The recent visit of Sir Hamilton Harty, who conducted several orchestral concerts in Melbourne and Sydney, provides glaring instances of this weakness. This conductor did wonders in his brief sojourn here with locally recruited orchestras, and his concerts drew packed audiences. But listeners over the air suffered grievously from the inability of the control mechanic, who was evidently not a musician, to adjust the transmission so that fortissimo passages were not swallowed up in the shattering roar of drums and pianissimo effects were not lost entirely. The control of the mechanical side is entirely in the hands of the Post Office, to whom all the blame for these failures belongs. But the public naturally feels that the Commission should move in the matter.

Observations of educational talks and lectures provided by the national stations disclose different problems. Such talks have been given from national stations in all the States for rather over a year now. Educational broadcasts to schools are regularly given at the end of the morning. The idea is good, but the lecturers enlisted are often unsuitable in style. About the adult educational talks in the afternoons and evenings, there seems to be no clearly defined policy. Scientific broadcasts, for instance, unless they are given by men who are not only authorities on their subjects, but also have studied the way to impart their knowledge by wireless, are inclined to be too dull and juvenile for the serious student and at the same time do not give the novice the assistance of class-room repetition. Except for a few of the literary talks, which seem to be popular, several brilliant scientific series and some interesting, though not perhaps impartial, discussions of international affairs, adult education seems to fall between two stools. As far as can be gathered, a great deal of it fails of its purpose, and the evening talks may be discontinued. Here again the meagre rewards offered to lecturers are inadequate to secure a constant supply of the best talent.

The financial organisation of the national stations is in other respects unlikely to be productive of the best results. The five members of the Commission are people with other work and interests to occupy a good deal of their time, and they are paid salaries for their work on the Commission which are on that part-time basis. In contrast with their relaxed control of policy is the position of the General Manager, who is paid a high salary for the organisation work, but need not be a man distinguished for culture or general knowledge. A General Manager fit to be in supreme control, to shoulder all responsibility and decide questions of policy, as in the B.B.C., would make a more satisfactory job of it.

At their last Conference, held at Adelaide in January of this year, the Australian Federation of University Women devoted a whole session to broadcasting in Australia. They voiced some trenchant criticism, particularly with regard to children's sessions, the appointment of people to the staff of the organisation without calling for applications for the posts, the unsuitability of arrangements for country listeners, and also the programmes offered by "B Class"

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stations. A deputation later waited upon the Commissioners, who promised that full consideration should be given to the views they expressed.

It is impossible here to give a detailed account of "B Class" programmes. Sometimes the managers of these stations have shown enterprise. Their broadcasts of the series of Test cricket matches between English and Australian teams have been particularly good. They have been responsible too for some good music. On the whole, however, they have made greater use than the "A Class" stations of gramophone records. And the quality of their talks is inferior. This is specially noticeable in the talks for women from some stations, which are perfunctory and unimaginative in the extreme. Sometimes the advice given in psychology and the upbringing of children seems likely to be mischievous rather than helpful. However, there is great variation, as might be expected, between different "A" and "B" stations and between different States in this as in other items. Children's sessions at one of the "A" class stations in Victoria were excellent until Easter of this year, when the person responsible for them left Melbourne to live elsewhere. And perhaps Adelaide has been more fortunate than most of the cities in its educational talks.

Broadcast dramas have won popularity, though much improvement could be made in the way they are performed. Lately, "thrillers" have been exciting a good deal of attention. Some people have considered the ones chosen were too horrifying for nervous children. But the remedy is easy. There is always some other programme to which one may tune in.

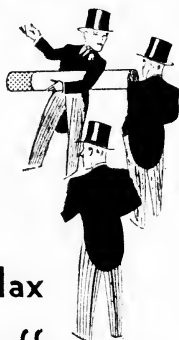
Possibly the very energy of criticism directed against various features of both "A" and "B" class stations is evidence of the grip that wireless has on the leisure hours of people in Australia. Certainly there are many things that could be altered for the better. But one has to consider that broadcasting in this continent has a vast territory to cover, and under peculiarly difficult climatic conditions, also that there is a relatively sparse population to draw upon to maintain programmes in comparison with the wealth of talent immediately available in Great Britain and the United States. At any rate, the business record and personal culture of the lately appointed Chairman of the Australian Broadcasting Commission gives one hope for the future.

—BEATRICE TILDESLEY,

14th July, 1934.



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